

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

Consolidated Financial Statements  
and Independent Auditors' Report  
2022 and 2021

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Notice to Reader:

*For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.*

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## Declaration of Consolidated Financial Statements of Associates

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022, under 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, a 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 27, 2023

## **Independent Auditors' Report**

To Wayi International Digital Entertainment Co., Ltd.

### **Audit opinions:**

The consolidated balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (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 the Preparation of Financial Reports by Certified Public Accountants and the Standards of Auditing of the Republic of China. 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 the 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 for the year 2022. 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 for the year 2022 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\$104,049 thousand, accounting for 71% of the net operating income. Considering the significant transaction amount of the related party and the material impact on Wayi 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 2022 and 2021, 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 2022 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 27, 2023

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries  
Consolidated Balance Sheets  
December 31, 2022 and 2021

Unit: NT\$1,000

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalent (Notes 6 and 27)	\$ 116,629	33	\$ 116,641	30
1136	Financial assets at amortized cost - current (Notes 8 and 27)	96,736	28	89,960	23
1170	Accounts receivable - non-related parties (Notes 9 and 27)	2,247	1	20,536	5
1180	Accounts receivable - related parties (Notes 9, 27 and 28)	15,862	5	21,372	6
1200	Other receivables (Notes 9 and 27)	765	-	66	-
1220	Current income tax assets (Note 23)	190	-	197	-
130X	Inventories	130	-	130	-
1410	Prepayments (Note 16)	11,310	3	13,659	4
1470	Other current assets (Note 16)	4	-	187	-
11XX	Total current assets	<u>243,873</u>	<u>70</u>	<u>262,748</u>	<u>68</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	-	-	21,654	6
1550	Investments accounted for using equity method (Note 11)	7,457	2	8,514	2
1600	Property, Plant and Equipment (Notes 12 and 29)	59,483	17	59,627	15
1755	Right-of-use assets (Note 13)	9,548	3	11,833	3
1760	Investment properties, net (Notes 14 and 29)	15,157	4	15,775	4
1780	Other intangible assets (Note 15)	12,018	3	6,019	1
1990	Other non-current assets (Notes 16, 27 and 29)	1,763	1	2,686	1
15XX	Total non-current assets	<u>105,426</u>	<u>30</u>	<u>126,108</u>	<u>32</u>
1XXX	Total Assets	<u>\$ 349,299</u>	<u>100</u>	<u>\$ 388,856</u>	<u>100</u>
Code	Liabilities and Equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note 21)	\$ 6,594	2	\$ 14,804	4
2150	Notes payable (Notes 17 and 27)	931	-	1,633	-
2170	Accounts payable - non-related parties (Notes 17 and 27)	2,026	1	18,289	5
2180	Accounts payable - related parties (Notes 17, 27 and 28)	5	-	-	-
2200	Other payables (Notes 18 and 27)	15,307	4	25,673	7
2220	Other payables - related parties (Notes 27 and 28)	280	-	136	-
2230	Current income tax liabilities (Note 23)	118	-	-	-
2280	Lease liability - current (Note 13)	5,818	2	5,010	1
2399	Other current liabilities (Note 18)	494	-	411	-
21XX	Total current liabilities	<u>31,573</u>	<u>9</u>	<u>65,956</u>	<u>17</u>
	Non-current liabilities				
2580	Lease liabilities - non-current (Note 13)	3,786	1	6,863	2
2670	Other non-current liabilities (Notes 18 and 27)	200	-	200	-
25XX	Total Non-current Liabilities	<u>3,986</u>	<u>1</u>	<u>7,063</u>	<u>2</u>
2XXX	Total Liabilities	<u>35,559</u>	<u>10</u>	<u>73,019</u>	<u>19</u>
	Equity attributable to owners of the Company (Note 20)				
	Share capital				
3110	Ordinary shares	222,748	64	193,694	50
3200	Capital surplus	29,199	8	29,199	7
	Retained earnings				
3310	Statutory surplus reserve	9,294	3	-	-
3350	Undistributed earnings	52,499	15	92,944	24
3300	Total retained earnings	61,793	18	92,944	24
31XX	Total equity of owners of the Company	<u>313,740</u>	<u>90</u>	<u>315,837</u>	<u>81</u>
3XXX	Total Equity	<u>313,740</u>	<u>90</u>	<u>315,837</u>	<u>81</u>
	Total Liabilities and Equity	<u>\$ 349,299</u>	<u>100</u>	<u>\$ 388,856</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, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 21 and 28)	\$ 147,266	100	\$ 248,364	100
5000	Operating costs (Notes 22 and 28)	( 49,521 )	( 34 )	( 60,393 )	( 25 )
5900	Gross profit	<u>97,745</u>	<u>66</u>	<u>187,971</u>	<u>75</u>
	Operating expenses (Notes 22 and 28)				
6100	Selling expenses	( 41,862 )	( 28 )	( 49,341 )	( 20 )
6200	General and administrative expenses	( 35,269 )	( 24 )	( 40,520 )	( 16 )
6300	Research and development expenses	( 225 )	-	( 2,182 )	( 1 )
6000	Total operating expenses	( <u>77,356</u> )	( <u>52</u> )	( <u>92,043</u> )	( <u>37</u> )
6900	Net operating profit	<u>20,389</u>	<u>14</u>	<u>95,928</u>	<u>38</u>
	Non-operating income and expenses				
7100	Interest income (Note 22)	1,650	1	283	-
7010	Other incomes (Notes 22 and 28)	1,597	1	1,433	1
7020	Other gains and losses (Note 22)	14,338	10	( 2,688 )	( 1 )
7050	Financial costs (Note 22)	( 96 )	-	( 275 )	-
7060	Share of profits or losses of associates and joint ventures under equity method (Note 11)	( <u>1,057</u> )	( <u>1</u> )	( <u>1,737</u> )	( <u>1</u> )
7000	Total non-operating income and expenses	<u>16,432</u>	<u>11</u>	( <u>2,984</u> )	( <u>1</u> )

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Code		2022		2021	
		Amount	%	Amount	%
7900	Net profit before tax	\$ 36,821	25	\$ 92,944	37
7950	Income tax expense (Note 23)	( 179 )	-	-	-
8200	Net profit for the year	<u>36,642</u>	<u>25</u>	<u>92,944</u>	<u>37</u>
8500	Total comprehensive income for the year	<u>\$ 36,642</u>	<u>25</u>	<u>\$ 92,944</u>	<u>37</u>
	Net operating profit attributable to				
8610	Owners of the Company	\$ 36,642	25	\$ 92,944	37
8620	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 36,642</u>	<u>25</u>	<u>\$ 92,944</u>	<u>37</u>
	Total Comprehensive Income Attributable to				
8710	Owners of the Company	\$ 36,642	25	\$ 92,944	37
8720	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 36,642</u>	<u>25</u>	<u>\$ 92,944</u>	<u>37</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 1.65</u>		<u>\$ 4.17</u>	
9810	Diluted	<u>\$ 1.64</u>		<u>\$ 4.17</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, 2022 and 2021

Unit: NT\$1,000

		Equity attributable to owners of the Company					
		Share capital		Retained earnings			
Code		Number of Shares (thousand shares)	Amount	Capital surplus	Statutory surplus reserve	Undistributed earnings	Total equity
A1	Balance on January 1, 2021	19,369	\$ 193,694	\$ 41,690	\$ -	( \$ 12,491 )	\$ 222,893
	Other changes in capital surplus:						
C11	Compensation for deficit from paid-in capital reserve	-	-	( 12,491 )	-	12,491	-
D1	Net profit in 2021	-	-	-	-	92,944	92,944
D5	Total comprehensive income in 2021	-	-	-	-	92,944	92,944
Z1	Balance on December 31, 2021	19,369	193,694	29,199	-	92,944	315,837
	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

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, 2022 and 2021

Unit: NT\$1,000

Code		2022	2021
	Cash flows from operating activities		
A10000	Net profit before tax for the year	\$ 36,821	\$ 92,944
A20010	Adjustments to reconcile net income (loss) to net		
A20100	Depreciation expenses	7,205	9,945
A20200	Amortization expenses	4,966	3,614
A20400	Net gain on financial assets measured at fair value through profit and loss	( 1,748 )	( 379 )
A20900	Finance costs	96	275
A21200	Interest Income	( 1,650 )	( 283 )
A22300	Share of the loss of associates and joint ventures under equity method	1,057	1,737
A22500	Gain on disposal of property, plant and equipment	( 12 )	( 5 )
A23700	Impairment loss on non-financial assets	6,377	13,679
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable - non-related parties	18,289	( 17,178 )
A31160	Accounts receivable - related parties	5,510	3,853
A31180	Other receivables	( 16 )	( 2 )
A31230	Prepayments	( 4,028 )	( 10,814 )
A31240	Other current assets	183	( 20 )
A32125	Contract liabilities	( 8,210 )	( 14,221 )
A32130	Notes payable	( 538 )	( 391 )
A32150	Accounts payable - non-related parties	( 16,263 )	15,448
A32160	Accounts payable - related parties	5	( 45 )
A32180	Other payables	( 9,789 )	9,893
A32190	Other payables - related parties	144	119
A32230	Other current liabilities	83	( 24 )
A33000	Cash generated from operations	38,482	108,145
A33100	Interest received	967	296
A33300	Interest paid	( 2 )	( 168 )
A33500	Income tax (paid) received	( 54 )	207
AAAA	Net cash inflow from operating activities	39,393	108,480

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Code		2022	2021
	Cash flows from investing activities		
B00200	Disposal of financial assets at fair value through profit or loss	\$ 23,402	\$ -
B00040	Acquisition of financial assets at amortized cost	( 6,776 )	( 23,032 )
B02700	Acquisition of property, plant and equipment	( 1,518 )	( 2,834 )
B02800	Proceeds from disposal of property, plant and equipment	114	5
B03800	Decrease in refundable deposits	923	1,423
B04500	Acquisition of intangible assets	( <u>11,706</u> )	( <u>7,530</u> )
BBBB	Net cash inflow (outflow) from investing activities	<u>4,439</u>	( <u>31,968</u> )
	Cash flows from financing activities		
C00200	Decrease in short-term loans	-	( 32,222 )
C04020	Lease debt principal repayment	( 5,105 )	( 8,467 )
C04500	Cash dividends distributed	( <u>38,739</u> )	<u>-</u>
CCCC	Net cash outflow from financial activities	( <u>43,844</u> )	( <u>40,689</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	( 12 )	35,823
E00100	Cash and cash equivalents at beginning of year	<u>116,641</u>	<u>80,818</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 116,629</u>	<u>\$ 116,641</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, 2022 and 2021

(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. Its 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 27, 2023.

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 application of the amended IFRSs as endorsed and promulgated by the FSC shall not result in a material change in the accounting policies of the Group.

(II) The IFRSs endorsed by the FSC with effective date starting 2023

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1. The amendment shall be applied to annual reporting periods beginning on or after January 1, 2023.

Note 2. This amendment shall be applied to changes in accounting policies and changes in accounting estimates that occur for annual periods beginning on or after January 1, 2023.

Note 3. The amendments are applicable prospectively to the transactions incurred after January 1, 2022, except for the deferred tax accounted for on temporary differences in leasing and decommissioning obligation as of January 1, 2022.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the Group shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not to be disclosed by the Group.
- The Group's accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information significant to the financial statements if that information relates to significant transactions, other events or conditions and the accounting policy:

- (1) Has changed during the period by the Group, and this change results in a material change on information of the financial statements;
- (2) Was chosen properly by the Group from alternatives permitted by IFRS Standard;
- (3) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (4) Relates to an area for which the Group is required to make significant judgments and assumptions; or
- (5) Relates to complex accounting, and users of the financial statements would otherwise not understand the relating transactions, other events or conditions

## 2. Amendments to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The accounting policy may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

Besides the abovementioned effects, as of the date the accompanying financial statements were authorized for issue, the Group 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
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
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

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.

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 twelve months after the reporting period. If the Group has the right at the end of the reporting period, the liability is classified as non-current regardless of whether the Group 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 Group 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 Group 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 Group to the counterparty of the transaction resulting in the elimination of liabilities. However, the terms of a liability that 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.

In addition to the effects mentioned and up until the publishing date of the consolidated financial statements, the Group 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 10 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

A 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 those measured at fair value through other profit and loss, and those measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are forced to be measured at fair value through profit or loss. Financial assets forcibly measured at FVTPL include undesignated equity instrument investment measured at fair value through other comprehensive income, as well as unclassified debt instrument investments measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and their dividends, interest, and remeasured benefits or losses are recognized as other gains and losses. Please refer to Note 27 for the determination of fair value.

B. 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 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 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 will incorporate the recent developments of the COVID-19 pandemic and its possible impact 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VI. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 263	\$ 271
Checking and savings	<u>116,366</u>	<u>116,370</u>
	<u>\$ 116,629</u>	<u>\$ 116,641</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash in banks	0.001%~1.05%	0.001%~0.2%

VII. Financial instruments at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets - non-current</u>		
Compulsory measurement of FVTPL		
Hybrid financial assets		
- structured deposits	\$ -	\$ 21,654

The structured deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation is mandatory to be classified as fair value through profit or loss.

VIII. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Bank time deposit with original maturity date over 3 months	\$ 96,736	\$ 89,960

(I) The interest rate intervals of term deposits with original maturity date over 3 months as of December 31, 2022 and 2021 were 3.15%~5.00% and 0.20%~0.33% per annum, respectively.

(II) Please refer to Note 29 for pledged financial assets measured at amortized cost.

IX. Accounts Receivable and Other Receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
measured at amortized cost		
Total carrying amount	\$ 18,109	\$ 41,908
Less: Allowance for loss	-	-
	<u>\$ 18,109</u>	<u>\$ 41,908</u>
<u>Other receivables</u>		
Receivable of certificate of deposit interest	\$ 743	\$ 60
Others	22	6
Less: Allowance for loss	-	-
	<u>\$ 765</u>	<u>\$ 66</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, 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)	-	-	-
Amortized cost	<u>\$ 18,109</u>	<u>\$ -</u>	<u>\$ 18,109</u>

#### December 31, 2021

	Not Past Due	More than 270 days overdue	Total
Expected credit loss rate	-	100%	
Total carrying amount	\$ 41,908	\$ -	\$ 41,908
Allowance for losses (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 41,908</u>	<u>\$ -</u>	<u>\$ 41,908</u>

X. 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, 2022	December 31, 2021	
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.

XI. Investment Accounted For Using the Equity Method

Investments in associates

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates with significance:		
DIT Startup Co. Ltd.	<u>\$ 7,457</u>	<u>\$ 8,514</u>

Company Name	Percentage of Ownership and Votes	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
DIT Startup Co. Ltd.	11%	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.

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.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 33,526	\$ 53,637
Non-current assets	37,627	27,452
Current liabilities	( 1,569 )	( 1,647 )
Equity	<u>\$ 69,584</u>	<u>\$ 79,442</u>
Percentage of Ownership	11%	11%
Interests of the Group	<u>\$ 7,457</u>	<u>\$ 8,514</u>
Carrying amount of Investment	<u>\$ 7,457</u>	<u>\$ 8,514</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 3,223</u>	<u>\$ 867</u>
Net loss for the year	<u>( \$ 9,857 )</u>	<u>( \$ 14,733 )</u>

XII. Property, Plant and Equipment

Self-use

	<u>Land owned by the Group</u>	<u>Buildings and structures</u>	<u>Network devices</u>	<u>Facility equipment</u>	<u>Leasehold improvements</u>	<u>Transportation equipment</u>	<u>Other fixtures</u>	<u>Total</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>
<u>Cost</u>								
Balance on January 1, 2021	\$ 54,558	\$ 3,638	\$ 192,451	\$ 11,226	\$ 39,387	\$ 684	\$ 17	\$ 301,961
Acquisition	-	-	-	791	1,711	-	-	2,502
Disposition	-	-	( 15,686 )	( 2,635 )	( 39,272 )	-	-	( 57,593 )
Balance on December 31, 2021	<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>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2021	\$ -	\$ 991	\$ 191,741	\$ 11,108	\$ 39,340	\$ 634	\$ 17	\$ 243,831
Depreciation expenses	-	121	366	196	272	50	-	1,005
Disposition	-	-	( 15,686 )	( 2,635 )	( 39,272 )	-	-	( 57,593 )
Balance on December 31, 2021	<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>
Net balance on December 31, 2021	<u>\$ 54,558</u>	<u>\$ 2,526</u>	<u>\$ 344</u>	<u>\$ 713</u>	<u>\$ 1,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,627</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 8 years
Facility equipment	3 to 5 years
Leasehold improvements	1.5 to 3 years
Transportation equipment	3 years
Other fixtures	3 years

Please refer to Note 29 for the amount of self-use property, plant and equipment pledged as collateral for borrowings.

XIII. Lease Agreement

(I) Right-of-use asset

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use asset		
Buildings	\$ 9,548	\$ 11,708
Transportation equipment	-	125
	<u>\$ 9,548</u>	<u>\$ 11,833</u>
	<u>2022</u>	<u>2021</u>
Acquisition on right-of-use assets	<u>\$ 2,742</u>	<u>\$ 14,705</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 4,902	\$ 7,569
Transportation equipment	125	753
	<u>\$ 5,027</u>	<u>\$ 8,322</u>

(II) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liability		
Current	<u>\$ 5,818</u>	<u>\$ 5,010</u>
Non-current	<u>\$ 3,786</u>	<u>\$ 6,863</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	1.04%~2.23%	1.04%~1.73%
Transportation equipment	-	1.73%

(III) Important lease activities and terms

The Group leases the building and transport equipment 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 land and 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>2022</u>	<u>2021</u>
Short-term lease expense	\$ <u>39</u>	\$ <u>60</u>
Total cash (outflow) of leases	( \$ <u>5,144</u> )	( \$ <u>8,527</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, 2022</u>	<u>December 31, 2021</u>
Lease commitments	\$ <u>9,742</u>	\$ <u>12,014</u>

XIV. Investment properties

	<u>Completed investment properties</u>
<u>Cost</u>	
Balance as of January 1, 2022	\$ <u>22,271</u>
Balance on December 31, 2022	\$ <u>22,271</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>7,114</u>
Net balance on December 31, 2022	\$ <u>15,157</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ <u>22,271</u>
Balance on December 31, 2021	\$ <u>22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 5,878
Depreciation expenses	<u>618</u>
Balance on December 31, 2021	\$ <u>6,496</u>



Net balance on December 31, 2021

\$ 15,775

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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 945	\$ 1,260
Year 2	-	945
	<u>\$ 945</u>	<u>\$ 2,205</u>

Investment properties are depreciated by straight-light 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, 2022</u>	<u>December 31, 2021</u>
Fair value	<u>\$ 104,294</u>	<u>\$ 103,146</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 29 for the amount of 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, 2022</u>	<u>December 31, 2021</u>
Investment properties letting commitment	<u>\$ 945</u>	<u>\$ 2,205</u>

XV. Other Intangible Assets

	Computer software	Software royalty	Total
<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>
<u>Cost</u>			
Balance on January 1, 2021	\$ 2,636	\$ -	\$ 2,636
Acquisition	5,176	2,797	7,973
Disposition	( 4,059 )	-	( 4,059 )
Balance on December 31, 2021	<u>3,753</u>	<u>2,797</u>	<u>6,550</u>
<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2021	976	-	976
Amortization expenses	3,497	117	3,614
Disposition	( 4,059 )	-	( 4,059 )
Balance on December 31, 2021	<u>414</u>	<u>117</u>	<u>531</u>
Net balance on December 31, 2021	<u>\$ 3,339</u>	<u>\$ 2,680</u>	<u>\$ 6,019</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:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 3,891	\$ 1,968
General and administrative expenses	<u>1,075</u>	<u>1,646</u>
	<u>\$ 4,966</u>	<u>\$ 3,614</u>

XVI. Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Prepayments (Note 1)	\$ 8,395	\$ 11,825
Deferred costs	644	255
Other prepayments	2,271	1,579
Others	<u>4</u>	<u>187</u>
	<u>\$ 11,314</u>	<u>\$ 13,846</u>
<u>Non-current</u>		
Refundable deposits	\$ 763	\$ 1,686
Other financial assets (Note 2)	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,763</u>	<u>\$ 2,686</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\$6,377 thousand and NT\$13,679 thousand, respectively, for 2022 and 2021. The Group adopts the use value as the recoverable amount of this advance payment at a discount rate of 2.2274% and 1.0357%, 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 29.

XVII. 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.

XVIII. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Salaries and bonus payable	\$ 6,007	\$ 10,979
Advertising fee payable	6,758	11,181
Service fee payable	845	881
Insurance premium payable	583	822
Others (pension and business tax)	<u>1,114</u>	<u>1,810</u>
	<u>\$ 15,307</u>	<u>\$ 25,673</u>
Other liabilities		
Other receipts (temporary receipts and cash collected for clients)	<u>\$ 494</u>	<u>\$ 411</u>
<u>Non-current</u>		
Guarantee deposits	<u>\$ 200</u>	<u>\$ 200</u>

XIX. 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.

XX. Equity

(I) Share capital

Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (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 fully paid (thousand shares)	<u>22,274</u>	<u>19,369</u>
Amount of shares issued	<u>\$ 222,748</u>	<u>\$ 193,694</u>

The resolution of the Company's Board of Directors on August 12, 2021 approved the proposal of private placement for capital increase by cash approved at the extraordinary meeting of shareholders on October 23, 2020. The remaining unraised quota of 4,048 thousand shares had expired on October 22, 2021 which was not planned to continue to raise.

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.

(II) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a</u> <u>deficit, distributed as cash</u> <u>dividends, or transferred to</u> <u>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 22 (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 August 4, 2021 passed the following proposals for loss offsetting for 2020:

	2020
Compensation for deficit from paid-in capital reserve	<u>\$ 12,491</u>

The Company's surplus distribution proposal for the year 2021 as follows:

	2021
Statutory surplus reserve	<u>\$ 9,294</u>
Cash dividends	<u>\$ 38,739</u>
Stock dividends	<u>\$ 29,054</u>
Cash dividend per share (NT\$)	\$ 2
Stock dividend per share (NT\$)	\$ 1.5

The above-mentioned cash dividend was resolved by the Board of Directors on March 24, 2022 to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on June 23, 2022.

On March 27, 2023, the Board of Directors of the Company planned a resolution on the surplus distribution proposal for the year 2022 as follows:

	2022
Statutory surplus reserve	<u>\$ 3,664</u>
Cash dividends	<u>\$ 13,365</u>
Stock dividends	<u>\$ 13,365</u>
Cash dividend per share (NT\$)	\$ 0.6
Stock dividend per share (NT\$)	\$ 0.6

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 21, 2023.

XXI. Revenue

	<u>2022</u>	<u>2021</u>
Revenue from Contracts with Customers		
Online Games and Digital Content	\$146,323	\$242,568
Service income	515	5,502
Royalty income	-	103
Other income	428	191
	<u>\$147,266</u>	<u>\$248,364</u>

(I) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable (Note 9)	<u>\$ 18,109</u>	<u>\$ 41,908</u>
Contract liabilities		
Online Games and Digital Content	<u>\$ 6,594</u>	<u>\$ 14,804</u>

(II) Disaggregation of contract revenue

<u>Product Category</u>	<u>2022</u>	<u>2021</u>
Artwork design services (Note 28)	\$104,049	\$187,562
Computer games	21,229	18,586
Mobile Games	21,045	36,522
Labor income - art design project income (Note 28)	445	1,071
Labor income - others (Note 28)	70	4,432
Others	428	191
	<u>\$147,266</u>	<u>\$248,364</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, 2022</u>	<u>December 31, 2021</u>
Rewarding points for purchasing virtual products		
- redeemed before 2022	\$ -	\$ 2,231
- redeemed before 2023	2,063	-

XXII. Net profit for the year

(I) Interest Income

	<u>2022</u>	<u>2021</u>
Cash in banks	\$ 514	\$ 40
Financial assets at amortized cost	1,128	229
Imputed interest on deposits	<u>8</u>	<u>14</u>
	<u>\$ 1,650</u>	<u>\$ 283</u>

(II) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 1,203	\$ 1,204
Written off income from overdue accounts payable	-	19
Other income	<u>394</u>	<u>210</u>
	<u>\$ 1,597</u>	<u>\$ 1,433</u>

(III) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains on financial assets and financial liabilities		
Financial assets mandatorily measured at FVTPL	\$ 1,748	\$ 379
Gain on disposal of property, plant and equipment	12	5
Foreign currency exchange gain (loss), net	<u>12,578</u>	( <u>3,072</u> )
	<u>\$ 14,338</u>	( <u>\$ 2,688</u> )

(IV) Finance costs

	<u>2022</u>	<u>2021</u>
Interest on bank borrowings	\$ -	\$ 164
Interest on lease liabilities	94	111
Imputed interest on deposits	<u>2</u>	<u>-</u>
	<u>\$ 96</u>	<u>\$ 275</u>

(V) Impairment loss

	<u>2022</u>	<u>2021</u>
Prepayments (included in operating costs)	<u>\$ 6,377</u>	<u>\$ 13,679</u>



(VI) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Depreciation expenses		
summarized by function		
Operating costs	\$ 231	\$ 375
Operating expenses	<u>6,974</u>	<u>9,570</u>
	<u>\$ 7,205</u>	<u>\$ 9,945</u>
Amortization summarized		
by function		
Operating costs	\$ 3,891	\$ 1,968
Operating expenses	<u>1,075</u>	<u>1,646</u>
	<u>\$ 4,966</u>	<u>\$ 3,614</u>

(VII) Employee benefit expenses

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 46,747	\$ 58,383
Post-employment benefits		
Defined contribution plans	<u>2,050</u>	<u>2,438</u>
Total employee benefit expenses	<u>\$ 48,797</u>	<u>\$ 60,821</u>
Summarized by functions		
Operating costs	\$ 9,658	\$ 14,870
Operating expenses	<u>39,139</u>	<u>45,951</u>
	<u>\$ 48,797</u>	<u>\$ 60,821</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 2022 and 2021, which have been approved by the Company's board of directors on March 27, 2023 and March 24, 2022, respectively, were as follows:

Accrual rate

	<u>2022</u>	<u>2021</u>
Employees' compensation	1.005%	1%
Remuneration of Directors	1.005%	0.45%

Amount

	<u>2022</u>	<u>2021</u>
Employees' compensation	\$ <u>378</u>	\$ <u>943</u>
Remuneration of Directors	\$ <u>378</u>	\$ <u>424</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 2021 and 2020 paid and the amounts recognized in the consolidated financial statements for 2021 and 2020.

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)

	<u>2022</u>	<u>2021</u>
Total foreign currency exchange gain	\$ 20,693	\$ 2,886
Total foreign currency exchange loss	( <u>8,115</u> )	( <u>5,958</u> )
Net gain (loss)	\$ <u>12,578</u>	( <u>\$ 3,072</u> )

XXIII. Income tax

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

The major components of income tax expense were as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ -	\$ -
Surtax on undistributed earnings	<u>179</u>	<u>-</u>
Income tax expense recognized in profit or loss	\$ <u>179</u>	\$ <u>-</u>

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

	<u>2022</u>	<u>2021</u>
Net profit before tax	<u>\$ 36,821</u>	<u>\$ 92,944</u>
The income tax expense of the pre-tax net profit calculated at the statutory rate	\$ 7,365	\$ 18,589
Non-deductible expenses	1,785	348
Surtax on undistributed earnings	179	-
Unrecognized loss carryforwards	( 7,736)	( 19,400)
Unrecognized deductible temporary difference	( <u>1,414</u> )	<u>463</u>
Income tax expense recognized in profit or loss	<u>\$ 179</u>	<u>\$ -</u>

(II) Current income tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refund receivable	<u>\$ 190</u>	<u>\$ 197</u>
Current income tax liabilities		
Income tax payable	<u>\$ 118</u>	<u>\$ -</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, 2022</u>	<u>December 31, 2021</u>
Loss carryforwards		
Expired in 2024	\$ 181,990	\$ 169,698
Expired in 2025	193,377	193,377
Expired in 2026	132,692	132,692
Expired in 2027	96,534	96,534
Expired in 2028	44,622	95,870
Expired in 2029	<u>25,918</u>	<u>25,918</u>
	<u>\$ 675,133</u>	<u>\$ 714,089</u>
Deductible temporary differences	<u>\$ 111,120</u>	<u>\$ 117,240</u>

(IV) Verification of income tax

The tax returns filed by the Company have been assessed by the tax authorities for the fiscal year 2020 and heretofore.

#### XXIV. Earnings Per Share

	Unit: NT\$ per share	
	2022	2021
Basic earning per share	<u>\$ 1.65</u>	<u>\$ 4.17</u>
Diluted earning per share	<u>\$ 1.64</u>	<u>\$ 4.17</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 5, 2022. Changes in the basic and diluted earnings per share adjusted retrospectively for 2021 were as follows:

	Unit: NT\$ per share	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earning per share	<u>\$ 4.80</u>	<u>\$ 4.17</u>
Diluted earning per share	<u>\$ 4.80</u>	<u>\$ 4.17</u>

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

#### Net profit for the year

	2022	2021
Net profit used for calculating basic earnings per share	<u>\$ 36,642</u>	<u>\$ 92,944</u>
Net profit used for calculating diluted earnings per share	<u>\$ 36,642</u>	<u>\$ 92,944</u>

#### Number of Shares

	Unit: thousand shares	
	2022	2021
Weighted average of ordinary shares used for calculating basic earnings per share	22,274	22,274
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>4</u>	<u>8</u>
Weighted average of ordinary shares used for calculating diluted earnings per share	<u>22,278</u>	<u>22,282</u>

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 be 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.

## XXV. Cash Flow Information

### (I) Non-cash transactions

For the Year Ended December 31, 2022 and 2021, the Group conducted the following investments and financing activities in non-cash transactions:

1. The Group 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 15).
2. The Group acquired the computer software with a fair value of NT\$7,973 thousand in 2021, the notes payable decreased by NT\$134 thousand, the other payables decreased by NT\$577 thousand, and the cash payment for the acquisition of intangible assets amounted to NT\$7,530 thousand (see Note 15).

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

#### 2022

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

#### 2021

	January 1, 2021	Cash flow	Non-cash flow		Interest payments	December 31, 2021
			New Leases	Interest expense		
Lease liabilities	\$ 5,524	(\$ 8,356)	\$ 14,705	\$ 111	(\$ 111)	\$ 11,873

## XXVI. 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.

## XXVII. 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 difference in fair value.

### (II) Fair value of financial instruments measured at fair value on a recurring basis

#### 1. Levels of Fair value measurement

December 31, 2022: None.

#### December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 21,654	\$ -	\$ 21,654

There were no transfers between Levels 1 and 2 fair value measurement for 2022 and 2021.

#### 2. Valuation technique and input measure at Level 2 fair value

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Structured deposits	Discounted cash flow: Estimate future cash flows based on contracts and statements at the end of the period, and discounted at a discount rate that can reflect the credit risk of each counterparty.

(III) Classification of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ -	\$ 21,654
Financial assets at amortized cost (Note 1)	234,002	251,261
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	18,749	45,931

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.

(IV) 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 report which analyses 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 does not have significant changes.

(1) Foreign currency risk

Bank deposits calculated in US dollars 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 31.

#### 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 is 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	
	2022	2021
Profit (Loss)	\$ 1,215(i)	\$ 1,015(i)

(i) The above impact is 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, 2022</u>	<u>December 31, 2021</u>
Interest rate risk related to fair value		
– Financial assets	\$ 96,736	\$ 89,960

#### Sensitivity Analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the 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 Group internally to report interest rate to key management is a 1% increase or decrease in interest rate and represents the management's assessment on 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 loss after tax for years 2022 and 2021 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 at 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, 2022 and 2021 were 87.59% and 51.00%, 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 at December 31, 2022 and 2021 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, 2022

	Repayment on demand or less than 1 months	1~3 months	3 months~1 year	1~5 years	Over 5 years
Zero-interest-bearing liabilities	\$ 14,148	\$ 384	\$ 4,017	\$ -	\$ -
Lease liabilities	482	966	4,370	3,786	-
	<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>

December 31, 2021

	Repayment on demand or less than 1 months	1~3 months	3 months~1 year	1~5 years	Over 5 years
Zero-interest-bearing liabilities	\$ 38,904	\$ 289	\$ 6,538	\$ -	\$ -
Lease liabilities	469	875	3,666	6,863	-
	<u>\$ 39,373</u>	<u>\$ 1,164</u>	<u>\$ 10,204</u>	<u>\$ 6,863</u>	<u>\$ -</u>

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

	<u>Within 1 year</u>	<u>1~5 years</u>
Lease liabilities	<u>\$ 5,010</u>	<u>\$ 6,863</u>

(2) Line of credit

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit line of secured bank loans (to be extended with agreement between two parties)		
– Loan quota used	\$ -	\$ -
– Loan quota not yet used	<u>145,000</u>	<u>175,000</u>
	<u>\$ 145,000</u>	<u>\$ 175,000</u>

XXVIII. 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' name and relationships

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wanin International Co., Ltd.	Substantive related party
XAC Inc.	Substantive related party

(II) Operating revenue

<u>Accounting items</u>	<u>Type of related party/name</u>	<u>2022</u>	<u>2021</u>
Artwork design services	Wanin International Co., Ltd.	\$ 104,049	\$ 187,562

Service income	Wanin International Co., Ltd.	70	4,432
	XAC Inc.	445	-
Others	Wanin International Co., Ltd.	<u>28</u>	<u>190</u>
		<u>\$ 104,592</u>	<u>\$ 192,184</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	2022	2021
Wanin International Co., Ltd.	<u>\$ 5</u>	<u>\$ -</u>

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

Accounting items	Type of related party/name	December 31, 2022	December 31, 2021
Accounts receivable - related parties	Wanin International Co., Ltd.	<u>\$ 15,862</u>	<u>\$ 21,372</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 2022 and 2021.

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

Accounting items	Type of related party/name	December 31, 2022	December 31, 2021
Accounts payable - related parties	Wanin International Co., Ltd.	<u>\$ 5</u>	<u>\$ -</u>

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

(VI) Other payables

Type of related party/name	December 31, 2022	December 31, 2021
Wanin International Co., Ltd.	<u>\$ 280</u>	<u>\$ 136</u>

(VII) Prepayments

<u>Type of related party/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wanin International Co., Ltd.	\$ <u>465</u>	\$ <u>931</u>

(VIII) Lease agreements as a lessee

<u>Type of related party/name</u>	<u>2022</u>	<u>2021</u>
<u>Acquisition of right-of-use assets</u>		
Wanin International Co., Ltd.	\$ <u>-</u>	\$ <u>14,705</u>

<u>Accounting items</u>	<u>Type of related party/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities	Wanin International Co., Ltd.	\$ <u>6,863</u>	\$ <u>11,745</u>

<u>Type of related party/name</u>	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>		
Wanin International Co., Ltd.	\$ <u>94</u>	\$ <u>82</u>
<u>Lease expenses</u>		
Wanin International Co., Ltd.	\$ <u>4,976</u>	\$ <u>3,042</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.

(IX) Other Related Party Transactions

<u>Accounting items</u>	<u>Type of related party/name</u>	<u>2022</u>	<u>2021</u>
Operating expenses – advertising fee	Wanin International Co., Ltd.	\$ <u>214</u>	\$ <u>190</u>
Operating expenses - miscellaneous	Wanin International Co., Ltd.	\$ <u>706</u>	\$ <u>671</u>
Operating expenses - contests and prizes	Wanin International Co., Ltd.	\$ <u>95</u>	\$ <u>-</u>
Other Interest Income	Wanin International Co., Ltd.	\$ <u>5</u>	\$ <u>2</u>
Labor costs (accounting for operating costs)	Wanin International Co., Ltd.	\$ <u>-</u>	\$ <u>32</u>

Accounting items	Type of related party/name	December 31, 2022	December 31, 2021
Refundable deposits	Wanin International Co., Ltd.	\$ 594	\$ 594

(X) Compensation to key management personnel

	2022	2021
Short-term employee benefits	\$ 9,519	\$ 8,394
Post-employment benefits	180	147
	<u>\$ 9,699</u>	<u>\$ 8,541</u>

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

XXIX. Pledged Assets

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

	December 31, 2022	December 31, 2021
Land	\$ 49,051	\$ 49,051
Investment properties	15,157	15,775
Other financial assets - non-current	1,000	1,000
	<u>\$ 65,208</u>	<u>\$ 65,826</u>

XXX. Significant Contingent Liabilities and Unrecognized Commitments

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

XXXI. 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 refers 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, 2022

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

December 31, 2021

	Foreign currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 3,667	27.68	\$ 101,503

The Group's foreign currency exchange gain (loss) (realized and unrealized) for 2022 and 2021 were a gain of NT\$12,578 thousand and a loss of NT\$3,072 thousand, respectively.

#### XXXII. 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, 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 Cost in Excess of NT\$300 Million or 20% of the Paid-in Capital. (None)
6. Disposal of Real Estate at Cost 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 reaching NT\$100 million or 20% of its paid-in capital. (None)
9. Derivative financial instrument transactions (Notes 7 and 27)
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)

#### XXXIII. Department Information

Information provided to the chief operating decision maker for the purpose of resource allocation and performance assessment for 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, 2022

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.	<u>Shares</u> Digital Game Integrated Marketing Co., Ltd.	None	The financial asset in other comprehensive income profit and loss measured at fair value - non-current	14,286	\$ <u>          -</u>	1.19	\$ <u>          -</u>	
	Gamemag. Co., Ltd.	None	The financial asset in other comprehensive income profit and loss measured at fair value - non-current	460,000	\$ <u>          -</u>	4.00	\$ <u>          -</u>	
	Taiwan eSports League Co., Ltd.	None	The financial asset in other comprehensive income profit and loss measured at fair value - non-current	23,943	\$ <u>          -</u>	0.34	\$ <u>          -</u>	

Note 1. Securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities, within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2. For the 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 over which the Company exercised significant influence  
From January 1 to December 31, 2022

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	\$ 31,761	\$ 2,948	\$ 2,948	Note 1
	DIT Startup Co. Ltd.	5/F, No. 39, Lane 141, Xingai Road, Neihu District, Taipei	Venture Capital Investment	30,000	30,000	1,296,774	11	7,457	( 9,857 )	( 1,057 )	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	2,220	( 24 )	( 24 )	Note 1

Note 1. the calculation is based on the audited financial statements in 2022.

Note 2. the calculation is based on the unaudited financial statements in 2022.

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, 2022

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)		Remark (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	\$ 104,147	70.72	45 days	Based on the total deposit value consumption point of the month as a calculation basis, 30% will be charged	-	\$ 15,862	87.59	-

Note 1. if the transaction conditions of the related parties are different from the general transaction conditions, the situation and reasons of 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, 2022

Table 4

Name of Major Shareholders	Shares	
	Number of shares held	Shareholding Ratio
Wanin International Co., Ltd.	6,844,800	30.72%
Given Business Inc.	4,540,752	20.38%
KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.	1,715,653	7.70%
HUANG-HSIN Investment Limited	1,261,320	5.66%
Qiao Yi Development Corporate Limited Taiwan Branch (Belize)	1,129,209	5.06%

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 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 basis of preparation.