

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

Consolidated Financial Statements and
Independent Auditors' Report
For the Nine Months Ended September 30, 2023 and 2022

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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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Independent Auditors' Report

To Wayi International Digital Entertainment Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets as of September 30, 2023 and 2022, and the consolidated composite income statements for the three months and nine months ended September 30, 2023 and 2022, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended September 30, 2023 and 2022 and notes to the consolidated financial statements (including the summary of major accounting policies) of Wayi International Digital Entertainment Co., Ltd. and its subsidiary ("Wayi Group"). It is the management's responsibility to prepare financial statements that fairly present the consolidated financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements as per the review results.

Scope

We conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standard No. 2410. The procedures carried out in reviewing the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of a review is substantially smaller than that of an audit and therefore does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

According to our review results, we have not found any circumstances that the foregoing consolidated financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC, and as a result, are not a fair presentation of the Wayi Group's consolidated financial position as of September 30, 2023 and 2022 as well as consolidated financial performance for the three months ended September 30, 2023 and 2022, consolidated financial performance and consolidated cash flows for the nine months ended September 30, 2023 and 2022.

Deloitte & Touche
CPA: Rui Quan Chi

CPA: I-Lung Chou

Financial Supervisory Commission
Approval Document
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NO. 0930128050

November 13, 2023

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

Consolidated Balance Sheets

September 30, 2023, December 31, 2022 and September 30, 2022

Unit: NT\$1,000

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalent (Notes 6 and 26)	\$ 109,881	32	\$ 116,629	33	\$ 129,901	38
1136	Financial assets at amortized cost - current (Notes 7 and 26)	119,076	34	96,736	28	80,962	24
1170	Accounts receivable (Notes 8 and 26)	1,834	1	2,247	1	1,076	-
1180	Accounts receivable - related parties (Notes 8, 26 and 27)	18,905	6	15,862	5	17,579	5
1200	Other receivables (Notes 8 and 26)	1,245	-	765	-	543	-
1220	Current tax assets	39	-	190	-	190	-
130X	Inventories	130	-	130	-	130	-
1410	Prepayments (Note 15)	7,584	2	11,310	3	11,450	3
1479	Other current assets (Note 15)	72	-	4	-	-	-
11XX	Total current assets	<u>258,766</u>	<u>75</u>	<u>243,873</u>	<u>70</u>	<u>241,831</u>	<u>70</u>
	Non-current assets						
1550	Investments accounted for using equity method (Note 10)	-	-	7,457	2	7,679	2
1600	Property, plant and equipment (Notes 11 and 28)	59,682	17	59,483	17	59,888	17
1755	Right-of-use assets (Note 12)	4,755	1	9,548	3	8,032	2
1760	Investment properties, net (Notes 13 and 28)	14,693	4	15,157	4	15,311	4
1780	Other intangible assets (Note 14)	6,071	2	12,018	3	12,075	4
1980	Other non-current assets (Notes 15, 26 and 28)	2,871	1	1,763	1	1,607	1
15XX	Total non-current assets	<u>88,072</u>	<u>25</u>	<u>105,426</u>	<u>30</u>	<u>104,592</u>	<u>30</u>
1XXX	Total Assets	<u>\$ 346,838</u>	<u>100</u>	<u>\$ 349,299</u>	<u>100</u>	<u>\$ 346,423</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2130	Contract liabilities - current (Note 20)	\$ 7,135	2	\$ 6,594	2	\$ 9,375	3
2150	Notes payable (Notes 16 and 26)	574	-	931	-	1,430	-
2170	Accounts payable - non-related parties (Notes 16 and 26)	2,536	1	2,026	1	1,746	1
2180	Accounts payable - related parties (Notes 26 and 27)	23	-	5	-	-	-
2219	Other payables (Notes 17 and 26)	7,588	2	15,307	4	9,566	3
2220	Other payables - related parties (Notes 26 and 27)	74	-	280	-	86	-
2230	Current income tax liabilities	-	-	118	-	544	-
2280	Lease liability - current (Note 12)	3,632	1	5,818	2	4,920	1
2399	Other non-current liabilities (Notes 17 and 26)	2,019	1	494	-	375	-
21XX	Total current liabilities	<u>23,581</u>	<u>7</u>	<u>31,573</u>	<u>9</u>	<u>28,042</u>	<u>8</u>
	Non-current liabilities						
2580	Lease liabilities - non-current (Note 12)	1,179	-	3,786	1	3,168	1
2670	Other non-current liabilities (Note 17)	200	-	200	-	200	-
25XX	Total Non-current Liabilities	<u>1,379</u>	<u>-</u>	<u>3,986</u>	<u>1</u>	<u>3,368</u>	<u>1</u>
2XXX	Total Liabilities	<u>24,960</u>	<u>7</u>	<u>35,559</u>	<u>10</u>	<u>31,410</u>	<u>9</u>
	Equity attributable to owners of the Company (Note 19)						
3110	Ordinary shares	236,113	68	222,748	64	222,748	64
3200	Capital surplus	29,199	9	29,199	8	29,199	9
	Retained earnings						
3310	Legal reserve	12,958	4	9,294	3	9,294	3
3350	Undistributed earnings	43,608	12	52,499	15	53,772	15
3300	Total retained earnings	56,566	16	61,793	18	63,066	18
31XX	Total equity of owners of the Company	<u>321,878</u>	<u>93</u>	<u>313,740</u>	<u>90</u>	<u>315,013</u>	<u>91</u>
3XXX	Total Equity	<u>321,878</u>	<u>93</u>	<u>313,740</u>	<u>90</u>	<u>315,013</u>	<u>91</u>
	Total Liabilities and Equity	<u>\$ 346,838</u>	<u>100</u>	<u>\$ 349,299</u>	<u>100</u>	<u>\$ 346,423</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 July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022

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

Code		From July 1 to September 30, 2023		From July 1 to September 30, 2022		From January 1 to September 30, 2023		From January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 20 and 27)	\$ 30,424	100	\$ 32,027	100	\$ 93,582	100	\$ 114,877	100
5000	Operating costs (Notes 21 and 27)	(9,484)	(31)	(8,694)	(27)	(32,251)	(35)	(40,391)	(35)
5900	Gross profit	20,940	69	23,333	73	61,331	65	74,486	65
	Operating expenses (Notes 21 and 27)								
6100	Selling expenses	(5,804)	(19)	(6,068)	(19)	(25,614)	(27)	(27,711)	(24)
6200	General and administrative expenses	(8,984)	(30)	(9,744)	(30)	(26,102)	(28)	(27,617)	(24)
6300	Research and development expenses	-	-	(2)	-	-	-	(224)	(1)
6000	Total operating expenses	(14,788)	(49)	(15,814)	(49)	(51,716)	(55)	(55,552)	(49)
6900	Net operating profit	6,152	20	7,519	24	9,615	10	18,934	16
	Non-operating income and expenses								
7100	Interest income (Note 21)	1,537	5	425	1	4,231	4	717	1
7010	Other income (Note 21)	494	2	619	2	1,194	1	1,272	1
7020	Other gains and losses (Note 21)	5,176	17	8,201	26	7,107	8	18,469	16
7050	Financial cost (Note 21)	(21)	-	(23)	-	(75)	-	(77)	-
7060	Share of profits or losses of associates and joint ventures under equity method (Note 10)	16	-	(235)	(1)	(313)	-	(835)	(1)
7000	Total non-operating income and expenses	7,202	24	8,987	28	12,144	13	19,546	17
7900	Net profit before tax	13,354	44	16,506	52	21,759	23	38,480	33
7950	Income tax benefit (expense) (Note 4 and 22)	28	-	33	-	(256)	-	(565)	-
8200	Current net income (loss)	13,382	44	16,539	52	21,503	23	37,915	33
8500	Total comprehensive income for this period	\$ 13,382	44	\$ 16,539	52	\$ 21,503	23	\$ 37,915	33
	Net operating profit attributable to								
8610	Owners of the Company	\$ 13,382	44	\$ 16,539	52	\$ 21,503	23	\$ 37,915	33
8620	Non-controlling interests	-	-	-	-	-	-	-	-
8600		\$ 13,382	44	\$ 16,539	52	\$ 21,503	23	\$ 37,915	33
	Total Comprehensive Income Attributable to								
8710	Owners of the Company	\$ 13,382	44	\$ 16,539	52	\$ 21,503	23	\$ 37,915	33
8720	Non-controlling interests	-	-	-	-	-	-	-	-
8700		\$ 13,382	44	\$ 16,539	52	\$ 21,503	23	\$ 37,915	33
	Earnings per share (Note 23)								
9710	Basic	\$ 0.57		\$ 0.70		\$ 0.91		\$ 1.61	
9810	Diluted	\$ 0.57		\$ 0.70		\$ 0.91		\$ 1.61	

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 September 30, 2023 and 2022

Unit: NT\$1,000

		Equity attributable to owners of the Company					
		Share capital			Retained earnings		
Code		Number of Shares (thousand shares)	Amount	Capital surplus	Legal reserve	Undistributed earnings	Total equity
A1	Balance as of January 1, 2022	19,369	\$ 193,694	\$ 29,199	\$ -	\$ 92,944	\$ 315,837
	Appropriations and distribution of 2021 retained earnings						
B1	Legal reserve	-	-	-	9,294	(9,294)	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(38,739)	(38,739)
B9	Stock dividends to shareholders of the Company	2,905	29,054	-	-	(29,054)	-
D1	Net income for the nine months ended September 30, 2022	-	-	-	-	37,915	37,915
D5	Total comprehensive income/loss for the nine months ended September 30, 2022	-	-	-	-	37,915	37,915
Z1	Balance on September 30, 2022	22,274	\$ 222,748	\$ 29,199	\$ 9,294	\$ 53,772	\$ 315,013
A1	Balance as of January 1, 2023	22,274	\$ 222,748	\$ 29,199	\$ 9,294	\$ 52,499	\$ 313,740
	Appropriation and distribution of 2022 retained earnings						
B1	Legal reserve	-	-	-	3,664	(3,664)	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	(13,365)	(13,365)
B9	Stock dividends to shareholders of the Company	1,337	13,365	-	-	(13,365)	-
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	21,503	21,503
D5	Total comprehensive income/loss for the nine months ended September 30, 2023	-	-	-	-	21,503	21,503
Z1	Balance on September 30, 2023	23,611	\$ 236,113	\$ 29,199	\$ 12,958	\$ 43,608	\$ 321,878

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 September 30, 2023 and 2022

Unit: NT\$1,000

Code		From January 1 to September 30, 2023	From January 1 to September 30, 2022
	Cash flows from operating activities		
A10000	Pre-tax net income for this period	\$ 21,759	\$ 38,480
A20010	Adjustments to reconcile net income (loss) to net		
A20100	Depreciation expenses	5,966	5,392
A20200	Amortization expenses	6,591	3,154
A20400	Gain on financial assets at fair value through profit or loss	-	(1,748)
A20900	Finance costs	75	77
A21200	Interest Income	(4,231)	(717)
A22300	Share of the loss of associates and joint ventures under equity method	313	835
A22500	Gain on disposal of property, plant and equipment	-	(4)
A23200	Gain on disposal of investments accounted for using equity method	(328)	-
A23700	Impairment loss on non-financial assets	4,598	6,093
A29900	Lease modification gain	(6)	-
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	413	19,460
A31160	Accounts receivable - related parties	(3,043)	3,793
A31180	Other receivables	(4)	(92)
A31230	Prepayments	(872)	(3,884)
A31240	Other current assets	(68)	187
A32125	Contract liabilities	541	(5,429)
A32130	Notes payable	(357)	(39)
A32150	Accounts payable	510	(16,543)
A32160	Accounts payable - related parties	18	-
A32180	Other payables	(7,719)	(15,530)
A32990	Other payables - related parties	(206)	(50)
A32230	Other current liabilities	<u>1,525</u>	<u>(36)</u>
A33000	Cash generated from operations	25,475	33,399
A33100	Interest received	3,755	332
A33300	Interest paid	(2)	(2)
A33500	Income tax paid	<u>(223)</u>	<u>(14)</u>
AAAA	Net cash inflow from operating activities	<u>29,005</u>	<u>33,715</u>

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Code		From January 1 to September 30, 2023	From January 1 to September 30, 2022
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 22,340)	\$ -
B00050	Disposal of financial assets at amortized cost	-	8,998
B00200	Disposal of financial assets at fair value through profit or loss	-	23,402
B01900	Disposal of long-term investments accounted for using the equity method	7,472	-
B02700	Acquisition of property, plant and equipment	(1,685)	(1,461)
B02800	Proceeds from disposal of property, plant and equipment	-	77
B03800	Decrease in refundable deposits	92	1,079
B04500	Acquisition of intangible assets	(644)	(9,951)
B06500	Increase in other financial assets	(1,200)	-
BBBB	Net cash inflow (outflow) from investing activities	(18,305)	22,144
	Cash flows from financing activities		
C04020	Lease debt principal repayment	(4,083)	(3,860)
C04500	Cash dividends distributed	(13,365)	(38,739)
CCCC	Net cash outflow from financial activities	(17,448)	(42,599)
EEEE	Net increase (decrease) in cash and cash equivalents	(6,748)	13,260
E00100	Opening balance of cash and cash equivalents	116,629	116,641
E00200	Ending balance of cash and cash equivalents	\$ 109,881	\$ 129,901

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 September 30, 2023 and 2022

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

I. Company History

- (I) Wayi International Digital Entertainment Co., Ltd. (hereinafter referred to as "the Company") was established on August 12, 1993. It was first named "Wayi International Co., Ltd.," and later renamed "Wayi International Digital Entertainment Co., Ltd" in June 2000. It's main business includes computer software, hardware, trading, and information software programming services.

The Company's shares started to be traded on the Taipei Exchange on March 29, 2004.

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

- (II) Wayi Softmagic Investment (Asia) Ltd. (hereinafter referred to as "Wayi-Asia") was approved and registered in the British Virgin Islands on May 19, 2002, which is a subsidiary whose shares are 100% owned by the Company. The company mainly engaged in general investment.
- (III) Wayi Softmagic Investment (Cayman) Ltd. (hereinafter referred to as "Wayi-Cayman") was approved and registered in the British Cayman Islands on October 6, 2000, which is a subsidiary whose shares are 100% owned by the Company. The company mainly engaged in general investment.

II. Approval Date and the Procedures of Financial Statements

These consolidated financial statements were adopted by the Board of Directors on November 13, 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 2024

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

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

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

Note:3 When applying this amendment for the first time, certain disclosure requirements are exempted.

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. Also, 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.

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

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

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

Note 2: The amendment shall be applied to annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, the impact amount shall be recognized in the retained earnings as of the date of initial application. When the Company uses a non-functional currency as the presentation currency, the adjustment of the initial application date will affect the translation differences for foreign operations under equity.

Amendment to IAS 21 'Lack of Exchangeability'

The amendment stipulates that a currency is considered to be exchangeable when an enterprise is able to exchange it for another currency within a normal business cycle, using established executable rights and obligations through market or exchange mechanisms, within a reasonable time frame managed by the enterprise. When a currency is non-exchangeable as of the measurement date, the consolidated company should estimate the spot exchange rate to reflect the rate that would be used in an orderly transaction under prevailing economic conditions at the measurement date, as considered by market participants. In this scenario, the consolidated company should also disclose information that enables financial statement users to assess how the lack of exchangeability of a currency affects, or is expected to affect, its operating results, financial condition, and cash flows.

In addition to the effects mentioned and up until the publishing date of the consolidated financial statements, the 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 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not contain all the information that needs to be disclosed in the annual financial statements as required by IFRSs.

(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) Basis of Consolidation

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

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

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

(IV) Other significant accounting policies

In addition to the information below, please refer to the summary of significant accounting policies in the 2022 consolidated financial statements.

Income tax

The income tax expense represents the sum of tax payable in the current period along with deferred tax. Income tax for the interim period is assessed on an annual basis and is calculated as per the interim pre-tax income at the tax rate applicable to the estimated total annual earnings.

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

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

The Group, when making significant accounting estimates, incorporated the recent developments of the COVID-19 pandemic and its possible impact on the economic environment into relevant material estimates, such as cash flow estimates, growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions.

VI. Cash and Cash Equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 236	\$ 263	\$ 253
Checking and savings	109,645	116,366	110,598
Cash equivalents (investments with initial duration of less than 3 months)	-	-	19,050
	<u>\$ 109,881</u>	<u>\$ 116,629</u>	<u>\$ 129,901</u>

VII. Financial assets at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investment			
Bank time deposit with initial maturity date over 3 months	<u>\$ 119,076</u>	<u>\$ 96,736</u>	<u>\$ 80,962</u>

- (I) The interest rate ranges of time deposits with the initial maturity date over 3 months as of September 30, 2023, December 31, 2022 and September 30, 2022 were 4.75%-5.55%, 3.15%-5.00% and 0.85%~3.15% per annum, respectively.

VIII. Accounts Receivable and Other Receivables

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts receivable</u>			
measured at amortized cost			
Total carrying amount	\$ 20,739	\$ 18,109	\$ 18,655
Less: Allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,739</u>	<u>\$ 18,109</u>	<u>\$ 18,655</u>
 <u>Other receivables</u>			
Receivable of certificate of			
deposit interest	\$ 1,219	\$ 743	\$ 445
Others	26	22	98
Less: Allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,245</u>	<u>\$ 765</u>	<u>\$ 543</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, 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:

September 30, 2023

	Not Past Due	More than 270 days overdue	Total
Expected credit loss rate	-	100%	
Total carrying amount	\$ 20,739	\$ -	\$ 20,739
Allowance for losses (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 20,739</u>	<u>\$ -</u>	<u>\$ 20,739</u>

December 31, 2022

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

September 30, 2022

	Not Past Due	More than 270 days overdue	Total
Expected credit loss rate	-	100%	
Total carrying amount	\$ 18,655	\$ -	\$ 18,655
Allowance for losses (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 18,655</u>	<u>\$ -</u>	<u>\$ 18,655</u>

IX. SubsidiariesSubsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

<u>Investor Company</u>	<u>Investee Company</u>	<u>Main Businesses and Products</u>	<u>Percentage of Ownership (%)</u>			<u>Remarks/ specify details</u>
			<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
The Company	WAYI-ASIA Company	Investment	100%	100%	100%	Note
WAYI-ASIA Company	WAYI-CAYMAN Company	Investment	100%	100%	100%	Note

Note: Its financial report for the by same periods has been audited or reviewed CPAs.

X. Investment Accounted For Using the Equity Method

Investments in associates

	September 30, 2023	December 31, 2022	September 30, 2022
Associates with significance:			
DIT Startup Co. Ltd.	\$ -	\$ 7,457	\$ 7,679
	Percentage of Ownership and Votes		
Company Name	September 30, 2023	December 31, 2022	September 30, 2022
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 reviewed by CPAs. However, the Group's management believes that the aforementioned reviewed results will not cause a material impact.

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

XI. Property, plant and equipment

Self-use

	Land owned by the Group	Buildings and structures	Network devices	Facility equipment	Leasehold improvements	Transportation equipment	Other fixtures	Total
<u>Cost</u>								
Balance as of January 1, 2023	\$ 54,558	\$ 3,638	\$ 149,002	\$ 7,765	\$ 1,841	\$ 684	\$ -	\$ 217,488
Acquisition	-	-	49	838	798	-	-	1,685
Disposition	-	-	-	-	-	-	-	-
Balance on September 30, 2023	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 149,051</u>	<u>\$ 8,603</u>	<u>\$ 2,639</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 219,173</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2023	\$ -	\$ 1,233	\$ 148,879	\$ 6,322	\$ 887	\$ 684	\$ -	\$ 158,005
Depreciation expenses	-	90	130	618	648	-	-	1,486
Disposition	-	-	-	-	-	-	-	-
Balance on September 30, 2023	<u>\$ -</u>	<u>\$ 1,323</u>	<u>\$ 149,009</u>	<u>\$ 6,940</u>	<u>\$ 1,535</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 159,491</u>
Net amount on September 30, 2023	<u>\$ 54,558</u>	<u>\$ 2,315</u>	<u>\$ 42</u>	<u>\$ 1,663</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,682</u>
Net amount as at December 31, 2022 and January 1, 2023	<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>

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	Land owned by the Group	Buildings and structures	Network devices	Facility equipment	Leasehold improvements	Transportation equipment	Other fixtures	Total
<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	73	-	-	1,461
Disposition	-	-	(9,451)	(1,143)	-	-	-	(10,594)
Balance on September 30, 2022	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 167,399</u>	<u>\$ 9,542</u>	<u>\$ 1,899</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 237,737</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	-	90	179	371	487	-	-	1,127
Disposition	-	-	(9,377)	(1,144)	-	-	-	(10,521)
Balance on September 30, 2022	<u>\$ -</u>	<u>\$ 1,202</u>	<u>\$ 167,223</u>	<u>\$ 7,896</u>	<u>\$ 827</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 177,849</u>
Net amount on September 30, 2022	<u>\$ 54,558</u>	<u>\$ 2,436</u>	<u>\$ 176</u>	<u>\$ 1,646</u>	<u>\$ 1,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,888</u>

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

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

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

XII. Lease Agreement

(I) Right-of-use asset

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of right-of-use asset			
Buildings	<u>\$ 4,755</u>	<u>\$ 9,548</u>	<u>\$ 8,032</u>
Depreciation expense of right-of-use assets			
Buildings	\$ 1,324	\$ 1,225	\$ 4,016
Transportation equipment	<u>-</u>	<u>-</u>	<u>125</u>
	<u>\$ 1,324</u>	<u>\$ 1,225</u>	<u>\$ 3,801</u>

Except for the depreciation expenses recognized, the Group did not have any significant sublease or impairment of the right-of-use assets during the nine months ended September 30, 2023 and 2022.

(II) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liability			
Current	\$ 3,632	\$ 5,818	\$ 4,920
Non-current	\$ 1,179	\$ 3,786	\$ 3,168

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.04%~2.23%	1.04%~2.23%	1.04%

(III) Important lease activities and terms

The Group has leased in the building and transport equipment for operating use for a period of three 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

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Short-term lease expense	\$ 9	\$ 9	\$ 28	\$ 30
Total cash (outflow) of leases	(\$ 1,356)	(\$ 1,252)	(\$ 4,111)	(\$ 3,890)

XIII. Investment properties

	Completed investment properties
<u>Cost</u>	
Balance as of January 1, 2023	\$ 22,271
Balance on September 30, 2023	\$ 22,271

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	<u>Completed investment properties</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ 7,114
Depreciation expenses	<u>464</u>
Balance on September 30, 2023	<u>\$ 7,578</u>
Net amount on September 30, 2023	<u>\$ 14,693</u>
Net amount as at December 31, 2022 and January 1, 2023	<u>\$ 15,157</u>
<u>Cost</u>	
Balance as of January 1, 2022	<u>\$ 22,271</u>
Balance on September 30, 2022	<u>\$ 22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2022	\$ 6,496
Depreciation expenses	<u>464</u>
Balance on September 30, 2022	<u>\$ 6,960</u>
Net amount on September 30, 2022	<u>\$ 15,311</u>

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

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

Buildings and structures	36 years
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The fair value of the investment properties on December 31, 2022 was NT\$104,294 thousand. As assessed by the Group's management, there was no significant change in the fair value on January 1 to September 30, 2023.

Please refer to Note 28 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Investment properties letting commitment	<u>\$ 2,520</u>	<u>\$ 945</u>	<u>\$ 1,260</u>

XIV. Other Intangible Assets

	Computer software	Software royalty	Total
<u>Cost</u>			
Balance as of January 1, 2023	\$ 7,224	\$ 8,964	\$ 16,188
Acquisition	560	84	644
Disposition	(870)	-	(870)
Balance on September 30, 2023	<u>6,914</u>	<u>9,048</u>	<u>15,962</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2023	2,340	1,830	4,170
Amortization expenses	3,398	3,193	6,591
Disposition	(870)	-	(870)
Balance on September 30, 2023	<u>4,868</u>	<u>5,023</u>	<u>9,891</u>
Net amount on September 30, 2023	<u>\$ 2,046</u>	<u>\$ 4,025</u>	<u>\$ 6,071</u>
Net amount as at December 31, 2022 and January 1, 2023	<u>\$ 4,884</u>	<u>\$ 7,134</u>	<u>\$ 12,018</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 3,753	\$ 2,797	\$ 6,550
Acquisition	3,253	5,957	9,210
Disposition	(506)	-	(506)
Balance on September 30, 2022	<u>6,500</u>	<u>8,754</u>	<u>15,254</u>

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	Computer software	Software royalty	Total
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2022	414	117	531
Amortization expenses	2,103	1,051	3,154
Disposition	(506)	-	(506)
Balance on September 30, 2022	<u>2,011</u>	<u>1,168</u>	<u>3,179</u>
Net amount on September 30, 2022	<u>\$ 4,489</u>	<u>\$ 7,586</u>	<u>\$ 12,075</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:

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Operating costs	\$ 2,034	\$ 817	\$ 6,054	\$ 2,294
General and administrative expenses	<u>166</u>	<u>383</u>	<u>537</u>	<u>860</u>
	<u>\$ 2,200</u>	<u>\$ 1,200</u>	<u>\$ 6,591</u>	<u>\$ 3,154</u>

XV. Other assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayments (Note 1)	\$ 4,802	\$ 8,395	\$ 8,600
Deferred costs	664	644	701
Other prepayments	2,118	2,271	2,149
Others	<u>72</u>	<u>4</u>	<u>-</u>
	<u>\$ 7,656</u>	<u>\$ 11,314</u>	<u>\$ 11,450</u>
<u>Non-current</u>			
Refundable deposits	\$ 671	\$ 763	\$ 607
Other financial assets (Note 2)	<u>2,200</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 2,871</u>	<u>\$ 1,763</u>	<u>\$ 1,607</u>

Note 1: Due to poor sales of the online games that the Group distributes, the Group expects to reduce the future economic benefits of the prepayments for the original games. Therefore, the Group recognized impairment losses of NT\$4,598 thousand and NT\$6,093 thousand for the nine months ended September 30, 2023 and 2022. The Group adopts the use value as the recoverable amount of this advance payment at a discount rate of 2.3570% and 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 28.

XVI. Notes payable and accounts payable

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

XVII. Other liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Salaries and bonus payable	\$ 5,061	\$ 6,007	\$ 5,903
Advertising fee payable	21	6,758	81
Service fee payable	1,123	845	2,103
Insurance premium payable	570	583	641
Others (pension and business tax)	813	1,114	838
	<u>\$ 7,588</u>	<u>\$ 15,307</u>	<u>\$ 9,566</u>
Other liabilities			
Unearned Revenue	\$ 1,528	\$ -	\$ -
Other receipts (temporary receipts and cash collected for clients)	491	494	375
	<u>\$ 2,019</u>	<u>\$ 494</u>	<u>\$ 375</u>
<u>Non-current</u>			
Guarantee deposits	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 200</u>

XVIII. Post-employment benefits plans

Defined contribution plans

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

XIX. Equity

(I) Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (thousand shares)	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
Authorized Capital stock	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>
Number of shares issued and fully paid (thousand shares)	<u>23,611</u>	<u>22,274</u>	<u>22,274</u>
Amount of shares issued	<u>\$ 236,113</u>	<u>\$ 222,748</u>	<u>\$ 222,748</u>

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

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

(II) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Premium of shares issued	<u>\$ 29,199</u>	<u>\$ 29,199</u>	<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 remuneration distribution policy for employees, directors and supervisors as stipulated in the articles of association of the Company, please refer to Note 21 (8): Remunerations for Employees, Directors and Supervisors.

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

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

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

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

XX. Revenue

	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Revenue from Contracts with Customers				
Online Games and Digital Content	\$ 30,424	\$ 31,715	\$ 93,420	\$ 114,057
Service income	-	149	162	399
Royalty income	-	-	-	-
Other income	<u>-</u>	<u>163</u>	<u>-</u>	<u>421</u>
	<u>\$ 30,424</u>	<u>\$ 32,027</u>	<u>\$ 93,582</u>	<u>\$ 114,877</u>

(I) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Accounts receivable (Note 8)	<u>\$ 20,739</u>	<u>\$ 18,109</u>	<u>\$ 18,655</u>	<u>\$ 41,908</u>
Contract liabilities - current				
Online Games and Digital Content	<u>\$ 7,135</u>	<u>\$ 6,594</u>	<u>\$ 9,375</u>	<u>\$ 14,804</u>

(II) Disaggregation of contract revenue

Product Category	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Mobile Games	\$ 13,769	\$ 17,554
Computer games	5,405	16,022
Artwork design services (Note 27)	74,246	80,481
Labor income - art design project income (Note 27)	162	329
Labor income - others (Note 27)	-	70
Others	-	421
	<u>\$ 93,582</u>	<u>\$ 114,877</u>

XXI. Current net income (loss)

(I) Interest Income

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Cash in banks	\$ 91	\$ 119	\$ 516	\$ 243
Financial assets at amortized cost	1,444	305	3,709	467
Imputed interest on deposits	<u>2</u>	<u>1</u>	<u>6</u>	<u>7</u>
	<u>\$ 1,537</u>	<u>\$ 425</u>	<u>\$ 4,231</u>	<u>\$ 717</u>

(II) Other income

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Rental income	\$ 309	\$ 300	\$ 927	\$ 901
Other income	185	317	267	369
Royalty income	-	<u>2</u>	-	<u>2</u>
	<u>\$ 494</u>	<u>\$ 619</u>	<u>\$ 1,194</u>	<u>\$ 1,272</u>

(III) Other gains and losses

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Gains on financial assets and financial liabilities				
Financial assets mandatorily measured at FVTPL	\$ -	\$ 76	\$ -	\$ 1,748
Gain on disposal of property, plant and equipment	-	4	-	4
Foreign currency exchange gain, net	4,848	8,121	6,775	16,717
Gain on disposal of investments	328	-	328	-
Lease modification gain	-	-	6	-
Miscellaneous expenditure	-	-	(2)	-
	<u>\$ 5,176</u>	<u>\$ 8,201</u>	<u>\$ 7,107</u>	<u>\$ 18,469</u>

(IV) Finance costs

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Interest on lease liabilities	\$ 20	\$ 21	\$ 73	\$ 75
Imputed interest on deposits	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>\$ 21</u>	<u>\$ 23</u>	<u>\$ 75</u>	<u>\$ 77</u>

(V) Impairment loss

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Prepayments (included in operating costs)	<u>\$ 1,146</u>	<u>\$ 1,014</u>	<u>\$ 4,598</u>	<u>\$ 6,093</u>

(VI) Depreciation and amortization

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Depreciation expenses summarized by function				
Operating costs	\$ 27	\$ 59	\$ 136	\$ 179
Operating expenses	<u>1,953</u>	<u>1,744</u>	<u>5,830</u>	<u>5,213</u>
	<u>\$ 1,980</u>	<u>\$ 1,803</u>	<u>\$ 5,966</u>	<u>\$ 5,392</u>
Amortization summarized by function				
Operating costs	\$ 2,034	\$ 817	\$ 6,054	\$ 2,294
Operating expenses	<u>166</u>	<u>383</u>	<u>537</u>	<u>860</u>
	<u>\$ 2,200</u>	<u>\$ 1,200</u>	<u>\$ 6,591</u>	<u>\$ 3,154</u>

(VII) Employee benefit expenses

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Short-term employee benefits	\$ 10,320	\$ 11,579	\$ 30,977	\$ 36,754
Post-employment benefits				
Defined contribution plans	<u>427</u>	<u>518</u>	<u>1,287</u>	<u>1,620</u>
Total employee benefit expenses	<u>\$ 10,747</u>	<u>\$ 12,097</u>	<u>\$ 32,264</u>	<u>\$ 38,374</u>
Summarized by functions				
Operating costs	\$ 1,084	\$ 1,906	\$ 3,458	\$ 8,687
Operating expenses	<u>9,663</u>	<u>10,191</u>	<u>28,806</u>	<u>29,687</u>
	<u>\$ 10,747</u>	<u>\$ 12,097</u>	<u>\$ 32,264</u>	<u>\$ 38,374</u>

(VIII) Remunerations for employees, directors and supervisors

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 estimated employee remuneration and director remuneration for the three and nine months ended September 30, 2023 and 2022 are as follows:

Accrual rate

	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Employees' compensation	1%	1%
Remuneration of Directors	1%	2%

Amount

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Employees' compensation	<u>\$ 136</u>	<u>\$ 170</u>	<u>\$ 222</u>	<u>\$ 397</u>
Remuneration of Directors	<u>\$ 136</u>	<u>\$ 340</u>	<u>\$ 222</u>	<u>\$ 793</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.

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:

Amount

	2022 Cash	2021 Cash
Employees' compensation	<u>\$ 378</u>	<u>\$ 943</u>
Remuneration of Directors	<u>\$ 378</u>	<u>\$ 424</u>

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

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

(IX) Foreign currency exchange gains or losses

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Total foreign currency exchange gain	\$ 4,851	\$ 8,127	\$ 9,699	\$ 18,827
Total foreign currency exchange loss	(<u>3</u>)	(<u>6</u>)	(<u>2,924</u>)	(<u>2,110</u>)
Net income (loss)	<u>\$ 4,848</u>	<u>\$ 8,121</u>	<u>\$ 6,775</u>	<u>\$ 16,717</u>

XXII. Income tax

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

The major components of income tax expense (benefit) were as follows:

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Current tax				
Surtax on undistributed earnings	(\$ 28)	(\$ 33)	\$ 254	\$ 565
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
Main composition of income tax expenses recognized in profit or loss expense (benefit)	(<u>\$ 28</u>)	(<u>\$ 33</u>)	<u>\$ 256</u>	<u>\$ 565</u>

(II) Verification of income tax

The tax returns filed by the Company up to 2021 have been approved by the tax authorities.

XXIII. Earnings Per Share

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Basic earning per share	<u>\$ 0.57</u>	<u>\$ 0.70</u>	<u>\$ 0.91</u>	<u>\$ 1.61</u>
Diluted earning per share	<u>\$ 0.57</u>	<u>\$ 0.70</u>	<u>\$ 0.91</u>	<u>\$ 1.61</u>

Unit: NT\$ per share

For the earnings per share computation, it was adjusted retroactively for the issuance of bonus shares, for which the record date was set on September 3, 2023. Due to retrospective adjustments, the basic and diluted earnings per share for the periods from July 1 to September 30, 2022 and from January 1 to September 30, 2022 have changed as follows:

Unit: NT\$ per share

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	From July 1 to September 30, 2022	From January 1 to September 30, 2022	From July 1 to September 30, 2022	From January 1 to September 30, 2022
Basic earning per share	<u>\$ 0.74</u>	<u>\$ 1.70</u>	<u>\$ 0.70</u>	<u>\$ 1.61</u>
Diluted earning per share	<u>\$ 0.74</u>	<u>\$ 1.70</u>	<u>\$ 0.70</u>	<u>\$ 1.61</u>

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

Current net income (loss)

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Net profit used for calculating basic earnings per share	<u>\$ 13,382</u>	<u>\$ 16,539</u>	<u>\$ 21,503</u>	<u>\$ 37,915</u>
Net profit used for calculating diluted earnings per share	<u>\$ 13,382</u>	<u>\$ 16,539</u>	<u>\$ 21,503</u>	<u>\$ 37,915</u>

Number of Shares Unit: thousand shares

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Weighted average of ordinary shares used for calculating basic earnings per share	23,611	23,611	23,611	23,611
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>4</u>	<u>6</u>	<u>4</u>	<u>6</u>
Weighted average of ordinary shares used for calculating diluted earnings per share	<u>23,615</u>	<u>23,617</u>	<u>23,615</u>	<u>23,617</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.

XXIV. Cash Flow Information

(I) Non-cash transactions

Except as disclosed in other notes, the consolidated company engaged in the following non-cash investing and financing activities for the period from January 1 to September 30, 2022:

During the nine months ended September 30, 2022, the Group acquired the computer software and software royalty at a fair value of NT\$9,210 thousand, so the notes payable decreased by NT\$164 thousand and the other payables decreased by NT\$577 thousand; and the cash payment for the acquisition of intangible assets totaled NT\$9,951 thousand (see Note 14).

(II) Changes in liabilities from financing activities

From January 1 to September 30, 2023

	January 1, 2023	Cash flow	Non-cash flow			September 30, 2023
			Cancellation of lease contract	Interest expense	Interest payments	
Lease liabilities	<u>\$ 9,604</u>	<u>(\$ 4,010)</u>	<u>(\$ 783)</u>	<u>\$ 73</u>	<u>(\$ 73)</u>	<u>\$ 4,811</u>

From January 1 to September 30, 2022

	January 1, 2022	Cash flow	Non-cash flow			September 30, 2022
			Cancellation of lease contract	Interest expense	Interest payments	
Lease liabilities	<u>\$ 11,873</u>	<u>(\$ 3,785)</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>(\$ 75)</u>	<u>\$ 8,088</u>

XXV. Capital Risk Management

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

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

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

XXVI. Financial instruments

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

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

(II) Classification of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 253,812	\$ 234,002	\$ 231,668
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	10,995	18,749	13,028

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

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

(III) Objectives and policies of Financial risk management

The 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 30.

Sensitivity Analysis

The Group is mainly impacted by the exchange rate fluctuations in USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only the outstanding monetary items stated in foreign currencies, and the translation of carrying amounts at the end of the period 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	
	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Profit (Loss)	\$ 1,369 (i)	\$ 1,242 (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 increase in sensitivity to the USD exchange rate during the current period by the consolidated company is mainly attributable to the higher amount of cash and cash equivalents denominated in USD for this period.

(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:

	September 30, 2023	December 31, 2022	September 30, 2022
Interest rate risk related to fair value			
– Financial assets	\$ 119,076	\$ 96,736	\$ 80,962

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, it does not have an impact on the Group's net income after tax for the nine months ended September 30, 2023 and 2022.

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 Consolidated Balance Sheets date, the carrying amount of the financial assets recognized in the Consolidated Balance Sheets is the main reason to cause maximum credit risk exposure to the Consolidated Company, which can be due to a counter party not fulfilling its performance obligations or a financial loss caused to the Consolidated Company for providing financial endorsements for others (disregarding collaterals or other instruments to strengthen creditworthiness, and considering the maximum irreversible amount exposed to risks).

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 September 30, 2023, December 31, 2022, and September 30, 2022 were 91.16%, 87.59%, and 94.23%, respectively.

3. Liquidity risk

The Group mitigates liquidity risk caused by fluctuations in cash flows by managing and maintaining a sufficient level of cash and cash equivalents to support the Group's operations. 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 September 30, 2023, December 31, 2022, and September 30, 2022 are described in (2) Financing Limit below.

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

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Group and the undiscounted cash flows (including principal and accrued interest) of financial liabilities. Therefore, the Group may be required to repay a bank loan immediately and the possibility is listed in the table below and categorized into the earliest

period line item disregard the probability of exercising such right on instance by the bank. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

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

September 30, 2023

	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	\$ 6,855	\$ 530	\$ 3,409	\$ -	\$ -
Lease liabilities	<u>443</u>	<u>888</u>	<u>2,301</u>	<u>1,179</u>	<u>-</u>
	<u>\$ 7,298</u>	<u>\$ 1,418</u>	<u>\$ 5,710</u>	<u>\$ 1,179</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>\$ 3,632</u>	<u>\$ 1,179</u>

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	<u>482</u>	<u>966</u>	<u>4,370</u>	<u>3,786</u>	<u>-</u>
	<u>\$ 14,630</u>	<u>\$ 1,350</u>	<u>\$ 8,387</u>	<u>\$ 3,786</u>	<u>\$ -</u>

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

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

September 30, 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	\$ 6,859	\$ 564	\$ 5,405	\$ -	\$ -
Lease liabilities	<u>408</u>	<u>817</u>	<u>3,695</u>	<u>3,168</u>	<u>-</u>
	<u>\$ 7,267</u>	<u>\$ 1,381</u>	<u>\$ 9,100</u>	<u>\$ 3,168</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>\$ 4,920</u>	<u>\$ 3,168</u>

(2) Line of credit

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</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>145,000</u>	<u>145,000</u>
	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>

XXVII. Related-Party Transactions

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

(I) Related parties' 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>Name of related party</u>	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Artwork design services	Wanin International Co., Ltd.	\$ 25,911	\$ 24,620	\$ 74,246	\$ 80,481
Service income	Wanin International Co., Ltd.	-	1	-	70
	XAC Inc.	-	148	162	329
Others	Wanin International Co., Ltd.	<u>236</u>	<u>-</u>	<u>1,044</u>	<u>-</u>
		<u>\$ 26,147</u>	<u>\$ 24,769</u>	<u>\$ 75,452</u>	<u>\$ 80,880</u>

The Group is responsible for the design of art and music, 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

<u>Type of related party/name</u>	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Wanin International Co., Ltd.	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ -</u>

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

<u>Accounting items</u>	<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable – Related-Party	Wanin International Co., Ltd.	<u>\$ 18,905</u>	<u>\$ 15,862</u>	<u>\$ 17,579</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 the nine months ended September 30, 2023 and 2022.

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

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wanin International Co., Ltd.	<u>\$ 23</u>	<u>\$ 5</u>	<u>\$ -</u>

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

(VI) Other payables

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wanin International Co., Ltd.	<u>\$ 74</u>	<u>\$ 280</u>	<u>\$ 86</u>

(VII) Prepayments

<u>Type of related party/name</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wanin International Co., Ltd.	<u>\$ 426</u>	<u>\$ 465</u>	<u>\$ -</u>

(VIII) Lease agreements as a lessee

<u>Accounting items</u>	<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Lease liabilities	Wanin International Co., Ltd.	<u>\$ 2,732</u>	<u>\$ 6,863</u>	<u>\$ 8,088</u>
<u>Name of related party</u>	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
<u>Interest expense</u>				
Wanin International Co., Ltd.	<u>\$ 8</u>	<u>\$ 21</u>	<u>\$ 33</u>	<u>\$ 75</u>
<u>Lease expenses</u>				
Wanin International Co., Ltd.	<u>\$ 1,113</u>	<u>\$ 1,244</u>	<u>\$ 3,382</u>	<u>\$ 3,732</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

Accounting items	Name of related party	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Operating expenses	Wanin International Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ -</u>
– Advertising fee					
Operating expenses	Wanin International Co., Ltd.	<u>\$ 171</u>	<u>\$ 525</u>	<u>\$ 518</u>	<u>\$ 525</u>
– Miscellaneous expenses					
Other Interest Income	Wanin International Co., Ltd.	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>

Accounting items	Type of related party/name	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	Wanin International Co., Ltd.	<u>\$ 502</u>	<u>\$ 594</u>	<u>\$ 594</u>
Contract liabilities	Wanin International Co., Ltd.	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>

(X) Disposal of other assets

Type of related party/name	Accounting items	Disposal proceeds		Disposal (Loss) Gain	
		From January 1 to September 30, 2023	From January 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Wanin International Co., Ltd.	Investments accounted for using equity method (Note 10)	<u>\$ 7,472</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ -</u>

(XI) Compensation to key management personnel

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Short-term employee benefits	\$ 2,468	\$ 2,645	\$ 7,854	\$ 7,619
Post-employment benefits	<u>54</u>	<u>53</u>	<u>162</u>	<u>127</u>
	<u>\$ 2,522</u>	<u>\$ 2,698</u>	<u>\$ 8,016</u>	<u>\$ 7,746</u>

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

XXVIII. Pledged Assets

The assets pledged as collateral for financing loans, performance guarantee of reward points and issuance of convertible corporate bonds were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 49,051	\$ 49,051	\$ 49,051
Investment properties	14,693	15,157	15,311
Other financial assets - non-current	2,200	1,000	1,000
	<u>\$ 65,944</u>	<u>\$ 65,208</u>	<u>\$ 65,362</u>

XXIX. Significant Contingent Liabilities and Unrecognized Commitments

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

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

The following summary is presented in foreign currencies other than the functional currency. The exchange rates disclosed in the summary 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:

September 30, 2023

	Foreign currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 4,243	32.27	\$ 136,937

December 31, 2022

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

September 30, 2022

	Foreign currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,911	31.75	\$ 124,174

The Group's foreign exchange gains or losses (realized and unrealized) for the three months and nine months ended September 30, 2023 and 2022 were a gain of NT\$4,848 thousand, a gain of NT\$8,121 thousand, a gain of NT\$6,775 thousand, and a gain of NT\$16,717 thousand, respectively. Due to the variety of foreign currency transactions, it is not possible to disclose the exchange gains or losses on the basis of the foreign currency of each significant impact.

XXXI. 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 (None)
10. Others: Business relationships, important transactions and the amounts between parent company and subsidiaries (None)

(II) Information on Investees. (Table 2)

(III) Information on Investments in Mainland China:

1. Information on any investee company in mainland China; disclose the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
- (1) Purchase amount and percentage, and the ending balance and percentage of payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
 - (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
 - (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 4)

XXXII. Department Information

Information provided to the chief operating decision maker for the purpose of resource allocation and performance assessment for 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
September 30, 2023

Table 1:

Unit: NT\$1,000

Investor	Type and name of securities (Note 1)	Relationship with the issuer	General ledger account	End of the period				Remarks
				Number of shares	Carrying Amount	Shareholding (%)	Fair value	
Wayi International Digital Entertainment Co., Ltd.	<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	8,551	\$ <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 September 30, 2023

Table 2:

Unit: NT\$1,000; USD

Investor Company	Name of the invested company	Location	Principal business activities	Initial investment amount		Held at the end of the reporting period			Net income (loss) of the investee	Share of profit/loss of investee	Remarks
				Balance as of the end of this period	Balance as of the end of last year	Number of shares	Percentage	Carrying Amount			
Wayi International Digital Entertainment Co., Ltd.	WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	Caribbean Corporate Service Limited, 3Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362. Road Town. Tortola, British Virgin Islands.	Investment	\$ 20,216 USD 599,555	\$ 20,216 USD 599,555	-	100	\$ 34,133	\$ 2,371	\$ 2,371	Note 1
	DIT Startup Co. Ltd.	5/F, No. 39, Lane 141, Xingai Road, Neihu District, Taipei	Venture Capital Investment	-	30,000	-	-	-	(2,790)	(313)	Note 2
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD.	Harbour Trust Co., Ltd. P.O. Box 1787. Second Floor. One Capital Place, George Town. Grand Cayman, Cayman Islands. British West. Indies.	Investment	1,690 USD 50,000	1,690 USD 50,000	-	100	2,185	(35)	(35)	Note 1

Note 1: The calculation is based on the financial statements for the nine months ended September 30, 2023 reviewed by CPAs.

Note 2: The calculation is based on the financial statements for the six months ended June 30, 2023 not reviewed by CPAs. On September 11, 2023, the Company sold all of its 1,296,774 ordinary shares of DIT Startup for a total consideration of NT\$ 7,472 million to Wanin International Co., Ltd.

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 September 30, 2023

Table 3:

Unit: Unless otherwise stated, expressed in NT\$1,000

Purchase (sale) company	Name of the counterparty	Relationship	Transaction details				Unusual trade conditions status and reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remarks (Note 2)
			Purchase (Sales)	Amount	Ratio of total purchase (sales)	Loan period	Unit price	Loan period	Balance	Proportion of total notes and accounts receivable (payable)	
Wayi International Digital Entertainment Co., Ltd.	Wanin International Co., Ltd.	Substantive related party	Sales	\$ 75,290	80	45 days	Based on the total deposit value consumption point of the month as a calculation basis, 30% will be charged	-	\$ 18,905	91	-

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.

Information of Major Shareholders

September 30, 2023

Table 4:

Name of Major Shareholders	Shares	
	Number of shares held	Shareholding Ratio
Wanin International Co., Ltd.	7,255,488	30.72%
Given Business Inc.	4,813,197	20.38%
KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.	1,818,592	7.70%
HUANG-HSIN Investment Limited	1,345,479	5.69%
Qiao Yi Development Corporate Limited Taiwan Branch (Belize)	1,196,961	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.