

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

Consolidated Financial Statements  
and Independent Auditors' Report  
The third quarters of 2024 and 2023

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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.*

## Table of Contents

ITEM	PAGE	NUMBER OF NOTES TO FINANCIAL STATEMENTS
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3	-
IV. Consolidated Balance Sheets	4	-
V. Consolidated Statements of Comprehensive Income	5	-
VI. Consolidated Statements of Changes in Equity	6	-
VII. Consolidated Statements of Cash Flows	7-8	-
VIII. Notes to the Consolidated Financial Statements		
(I) Company History	9	1
(II) Approval Date and the Procedures of Financial Statements	9	2
(III) Application of New and Revised Standards, Amendments and Interpretations	9-13	3
(IV) Summary of Significant Accounting Policies	13-15	4
(V) Critical Accounting Judgments, and Key Sources of Estimation Uncertainty	15	5
(VI) Descriptions of Major Accounting Items	15-38	6-26
(VII) Related-Party Transactions	38-43	27
(VIII) Pledged Assets	43	28
(IX) Significant Contingent Liabilities and Unrecognized Commitments	43	29
(X) Significant Assets and Liabilities Denominated in Foreign Currencies	43-44	30
(XI) Supplementary Disclosure		
1. Information on Significant Transactions	44-45	31
2. Information on Investees	45	31
3. Information on Investments in Mainland China	45	31
4. Information of Major Shareholders	45	31
(XII) Department Information	45	32

## **Independent Auditors' Report**

To Wayi International Digital Entertainment Co., Ltd.

## Introduction

We have reviewed the consolidated balance sheets as of September 30, 2024 and 2023, and the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended September 30, 2024 and 2023 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, 2024 and 2023 as well as consolidated financial performance for the three months ended September 30, 2024 and 2023, consolidated financial performance and consolidated cash flows for the nine months ended September 30, 2024 and 2023.

Deloitte & Touche  
CPA Rui-Quan Chi

CPA J-Lung Chou

Financial Supervisory Commission Approval Document NO. 1060023872      Securities and Futures Commission Approval Document NO. 0930128050

November 13, 2024

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

Consolidated Balance Sheets

September 30, 2024, December 31, 2023 and September 30, 2023

Unit: NT\$ thousands

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
<b>Current assets</b>							
1100	Cash and cash equivalent (Notes 6 and 26)	\$ 170,875	44	\$ 138,381	38	\$ 109,881	32
1136	Financial assets at amortized cost - current (Notes 7 and 26)	67,098	18	86,588	24	119,076	34
1170	Accounts receivable - non-related parties (Notes 8, 20 and 26)	5,704	2	975	-	1,351	1
1180	Accounts receivable - related parties (Notes 8, 20, 26 and 27)	18,929	5	37,077	10	19,388	6
1200	Other receivables (Notes 8 and 26)	1,241	-	1,181	-	1,245	-
1220	Current income tax assets	678	-	246	-	39	-
130X	Inventories	130	-	130	-	130	-
1410	Prepayments (Notes 15 and 27)	4,370	1	12,323	4	7,584	2
1479	Other current assets (Note 15)	457	-	767	-	72	-
11XX	<b>Total current assets</b>	<u>269,482</u>	<u>70</u>	<u>277,668</u>	<u>76</u>	<u>258,766</u>	<u>75</u>
<b>Non-current assets</b>							
1600	Property, plant and equipment (Notes 11 and 28)	62,412	16	59,739	17	59,682	17
1755	Right-of-use assets (Note 12 and 27)	12,681	3	3,430	1	4,755	1
1760	Investment properties, net (Notes 13 and 28)	14,431	4	14,538	4	14,693	4
1780	Other intangible assets (Notes 14 and 27)	20,511	5	5,104	1	6,071	2
1990	Other non-current assets - other (Notes 15, 26, 27 and 28)	5,626	2	2,871	1	2,871	1
15XX	<b>Total non-current assets</b>	<u>115,661</u>	<u>30</u>	<u>85,682</u>	<u>24</u>	<u>88,072</u>	<u>25</u>
1XXX	<b>Total Assets</b>	<u>\$ 385,143</u>	<u>100</u>	<u>\$ 363,350</u>	<u>100</u>	<u>\$ 346,838</u>	<u>100</u>
Code	Liabilities and Equity						
<b>Current liabilities</b>							
2130	Contract liabilities - current (Notes 20 and 27)	\$ 1,879	1	\$ 3,730	1	\$ 7,135	2
2150	Notes payable (Notes 16 and 26)	668	-	570	-	574	-
2170	Accounts payable - non-related parties (Notes 16 and 26)	4,300	1	2,431	1	2,484	1
2180	Accounts payable - related parties (Notes 16, 26 and 27)	1,092	-	6,369	2	75	-
2219	Other payables (Notes 17 and 26)	24,792	6	10,713	3	7,588	2
2220	Other payables - related parties (Notes 17, 26 and 27)	344	-	262	-	74	-
2280	Lease liabilities - current (Notes 12 and 27)	6,021	2	2,531	1	3,632	1
2399	Other current liabilities (Note 17)	619	-	2,026	-	2,019	1
21XX	<b>Total current liabilities</b>	<u>39,715</u>	<u>10</u>	<u>28,632</u>	<u>8</u>	<u>23,581</u>	<u>7</u>
<b>Non-current liabilities</b>							
2580	Lease liabilities - non-current (Notes 12 and 27)	6,741	2	950	-	1,179	-
2670	Other non-current liabilities (Notes 17 and 26)	200	-	200	-	200	-
25XX	<b>Total Non-current Liabilities</b>	<u>6,941</u>	<u>2</u>	<u>1,150</u>	<u>-</u>	<u>1,379</u>	<u>-</u>
2XXX	<b>Total Liabilities</b>	<u>46,656</u>	<u>12</u>	<u>29,782</u>	<u>8</u>	<u>24,960</u>	<u>7</u>
<b>Equity attributable to owners of the Company (Note 19)</b>							
3110	Ordinary shares	<u>259,724</u>	<u>67</u>	<u>236,113</u>	<u>65</u>	<u>236,113</u>	<u>68</u>
3200	Capital surplus	<u>29,199</u>	<u>8</u>	<u>29,199</u>	<u>8</u>	<u>29,199</u>	<u>9</u>
	Retained earnings						
3310	Statutory surplus reserve	16,278	4	12,958	4	12,958	4
3350	Undistributed earnings	33,286	9	55,298	15	43,608	12
3300	Total retained earnings	49,564	13	68,256	19	56,566	16
31XX	<b>Total equity of owners of the Company</b>	<u>338,487</u>	<u>88</u>	<u>333,568</u>	<u>92</u>	<u>321,878</u>	<u>93</u>
3XXX	<b>Total Equity</b>	<u>338,487</u>	<u>88</u>	<u>333,568</u>	<u>92</u>	<u>321,878</u>	<u>93</u>
	<b>Total Liabilities and Equity</b>	<u>\$ 385,143</u>	<u>100</u>	<u>\$ 363,350</u>	<u>100</u>	<u>\$ 346,838</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, 2024 and 2023, and from January 1 to September 30, 2024 and 2023

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

Code	From July 1 to September 30, 2024		From July 1 to September 30, 2023		From January 1 to September 30, 2024		From January 1 to September 30, 2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Notes 20 and 27)	\$ 36,790	100	\$ 30,424	100	\$ 113,809	100	\$ 93,582	100
5000	Operating costs (Notes 21 and 27)	( 18,863)	( 51)	( 9,484)	( 31)	( 53,210)	( 47)	( 32,251)	( 35)
5900	Gross profit	17,927	49	20,940	69	60,599	53	61,331	65
	Operating expenses (Notes 21 and 27)								
6100	Selling expenses	( 11,538)	( 32)	( 5,804)	( 19)	( 25,872)	( 23)	( 25,614)	( 27)
6200	General and administrative expenses	( 10,717)	( 29)	( 8,984)	( 30)	( 29,952)	( 26)	( 26,102)	( 28)
6000	Total operating expenses	( 22,255)	( 61)	( 14,788)	( 49)	( 55,824)	( 49)	( 51,716)	( 55)
6900	Net operating profit (loss)	( 4,328)	( 12)	6,152	20	4,775	4	9,615	10
	Non-operating income and expenses								
7100	Interest income (Note 21)	1,477	4	1,537	5	5,156	5	4,231	4
7010	Other income (Note 21)	359	1	494	2	2,778	2	1,194	1
7020	Other gains and losses (Note 21)	( 3,131)	( 8)	( 5,176)	17	( 4,133)	4	( 7,107)	8
7050	Financial costs (Note 21)	( 65)	-	( 21)	-	( 117)	-	( 75)	-
7060	Share of profits or losses of associates and joint ventures under equity method (Note 10)			16	-	-	-	( 313)	-
7000	Total non-operating income and expenses	( 1,360)	( 3)	7,202	24	11,950	11	12,144	13
7900	Pre-tax income (loss)	( 5,688)	( 15)	13,354	44	16,725	15	21,759	23
7950	Income tax benefit (expense) (Note 22)			28	-	-	-	( 256)	-
8200	Current net income (loss)	( 5,688)	( 15)	13,382	44	16,725	15	21,503	23
8500	Total comprehensive income for this period	(\$ 5,688)	( 15)	\$ 13,382	44	\$ 16,725	15	\$ 21,503	23
	Net income (loss) attributable to								
8610	Owners of the Company	(\$ 5,688)	( 15)	\$ 13,382	44	\$ 16,725	15	\$ 21,503	23
8620	Non-controlling interests								
8600		(\$ 5,688)	( 15)	\$ 13,382	44	\$ 16,725	15	\$ 21,503	23
	Total Comprehensive Income Attributable to								
8710	Owners of the Company	(\$ 5,688)	( 15)	\$ 13,382	44	\$ 16,725	15	\$ 21,503	23
8720	Non-controlling interests								
8700		(\$ 5,688)	( 15)	\$ 13,382	44	\$ 16,725	15	\$ 21,503	23
	Earnings (loss) per share (Note 23)								
9710	Basic	(\$ 0.22)		\$ 0.52		\$ 0.64		\$ 0.83	
9810	Diluted	(\$ 0.22)		\$ 0.52		\$ 0.64		\$ 0.83	

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, 2024 and 2023

Unit: NT\$ thousands

Code		Equity attributable to owners of the Company					
		Share capital		Retained earnings		Statutory surplus reserve	Undistributed earnings
		Number of shares (thousand shares)	Amount	Capital surplus	Total equity		
A1	Balance as of January 1, 2023	22,274	\$ 222,748	\$ 29,199	\$ 313,740	\$ 9,294	\$ 52,499
	Appropriation and distribution of 2022 retained earnings						
B1	Statutory surplus reserve	-	-	-		3,664	( 3,664)
B5	Cash dividends to shareholders of the Company	-	-	-		-	( 13,365)
B9	Stock dividends to shareholders of the Company	1,337	13,365	-		-	( 13,365)
D1	Net profit for the nine months ended September 30, 2023	-	-	-		-	21,503
D5	Total comprehensive income/loss for the nine months ended September 30, 2023	-	-	-		-	21,503
Z1	Balance as of September 30, 2023	<u>23,611</u>	<u>\$ 236,113</u>	<u>\$ 29,199</u>	<u>\$ 321,878</u>	<u>\$ 12,958</u>	<u>\$ 43,608</u>
A1	Balance as of January 1, 2024	23,611	\$ 236,113	\$ 29,199	\$ 333,568	\$ 12,958	\$ 55,298
	Appropriation and distribution of 2023 retained earnings:						
B1	Statutory surplus reserve	-	-	-		3,320	( 3,320)
B5	Cash dividends to shareholders of the Company	-	-	-		-	( 11,806)
B9	Stock dividends to shareholders of the Company	2,361	23,611	-		-	( 23,611)
D1	Net profit for the nine months ended September 30, 2024	-	-	-		-	16,725
D5	Total comprehensive income for the nine months ended September 30, 2024	-	-	-		-	16,725
Z1	Balance as of September 30, 2024	<u>25,972</u>	<u>\$ 259,724</u>	<u>\$ 29,199</u>	<u>\$ 338,487</u>	<u>\$ 16,278</u>	<u>\$ 33,286</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 Cash Flows

From January 1 to September 30, 2024 and 2023

Unit: NT\$ thousands

Code		From January 1 to September 30, 2024	From January 1 to September 30, 2023
<b>Cash flows from operating activities</b>			
A10000	Net profit before tax for this period	\$ 16,725	\$ 21,759
A20010	Adjustments to reconcile net income (loss) to net		
A20100	Depreciation expenses	6,504	5,966
A20200	Amortization expenses	7,566	6,591
A20900	Finance costs	117	75
A21200	Interest Income	( 5,156)	( 4,231)
A22300	Share of the loss of associates and joint ventures under equity method	-	313
A23200	Gain on disposal of investments accounted for under the equity method	-	( 328)
A23700	Impairment loss on non-financial assets	1,609	4,598
A29900	Lease modification gain	-	( 6)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable - non-related parties	( 4,729)	896
A31160	Accounts receivable - related parties	18,148	( 3,526)
A31180	Other receivables	( 1)	( 4)
A31230	Prepayments	6,344	( 872)
A31240	Other current assets	310	( 68)
A32125	Contract liabilities	( 1,851)	541
A32130	Notes payable	( 419)	( 357)
A32150	Accounts payable - non-related parties	1,869	458
A32160	Accounts payable - related parties	( 5,277)	70
A32180	Other payables	2,128	( 7,719)
A32990	Other payables - related parties	82	( 206)
A32230	Other current liabilities	( 1,407)	<u>1,525</u>
A33000	Cash generated from operations	42,562	25,475
A33100	Interest received	5,097	3,755
A33300	Interest paid	( 2)	( 2)
A33500	Income tax paid	( 432)	( 223)
AAAA	Net cash inflow from operating activities	<u>47,225</u>	<u>29,005</u>
<b>Cash flows from investing activities</b>			
B00040	Acquisition of financial assets at amortized cost	19,490	( 22,340)
B01900	Disposal of long-term equity investments under the equity method	-	7,472

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Code		From January 1 to September 30, 2024	From January 1 to September 30, 2023
B07100	Increase in prepayments for business facilities	(\$ 2,619)	\$ -
B02700	Acquisition of property, plant and equipment	( 4,082)	( 1,685)
B03700	Increase in refundable deposits	( 136)	-
B03800	Decrease in refundable deposits	-	92
B04500	Acquisition of intangible assets	( 22,828)	( 644)
B05400	Acquisition of investment properties	( 362)	-
B06500	Increase in other financial assets	_____ -	( 1,200)
BBBB	Net cash outflow from investing activities	( 10,537)	( 18,305)
	Cash flows from financing activities		
C04020	Lease debt principal repayment	( 4,194)	( 4,083)
C04500	Cash dividends distributed	_____ -	( 13,365)
CCCC	Net cash outflow from financial activities	( 4,194)	( 17,448)
EEEE	Net increase (decrease) in cash and cash equivalents	32,494	( 6,748)
E00100	Opening balance of cash and cash equivalents	<u>138,381</u>	<u>116,629</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 170,875</u>	<u>\$ 109,881</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 September 30, 2024 and 2023

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

I. Company History

(I) Wayi International Digital Entertainment Co., Ltd. (the "Company") was established on August 12, 1993. It was first named "Wayi International Co., Ltd." and later renamed "Wayi International Digital Entertainment Co., Ltd." in June 2000. Its main business includes computer software, hardware, trading, and information software programming services. The Company's shares started 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, 2024.

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

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Notice (SIC) (hereinafter referred to as "IFRSs"), as endorsed and issued into effect by the Financial Supervisory Commission (FSC). Except for the following explanations, the application of the amended IFRSs, which have been endorsed by the FSC and published as effective, will not result in significant changes in the Group's accounting policies: Amendment to

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

The amendment in 2020 clarifies whether or not the liabilities are classified as non-current, it should be evaluated whether at the end of the reporting period, the Group has the right to defer settlement of the liability for at least 12 months after the reporting period. If the 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 the settlement of its liabilities 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 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 the risk that the Group may not be able to comply with the covenants and thus may need to repay within 12 months after the reporting period.

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.

(II) The IFRSs endorsed by the FSC applicable in 2025

New, Amended, and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2025. When applying the amendments for the first time, comparative periods shall not be restated, and the effects shall be recognized on the

date of initial application under retained earnings or equity attributable to owners of the parent, and on the exchange differences of foreign operations (as appropriate), as well as the related affected assets and liabilities.

Amendment to IAS 21 "Lack of Exchangeability"

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

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

New, Amended, and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
"Annual Improvements to IFRS Accounting Standards — Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless otherwise stated, the above New, Amended, and Revised IFRSs are effective for the annual reporting period beginning after each such date.

1. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include:

- The income statement should classify income and expenses into categories of operating, investing, financing, income tax, and discontinued operations.
- The income statement should report operating profit or loss, profit or loss before financing and income tax, as well as subtotals and totals of profit or loss.
- Provide guidance to strengthen the consolidation and subdivision regulations: The Group should identify the assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other matters, and classify and consolidate them based on common characteristics, so that each line item reported in the main financial statements has at least one similar characteristic. The items with different characteristics should be classified in the main financial statements and notes. When the Group cannot find a more informative name, it will label such items as "Others".
- Disclosure of performance measures defining management levels: When the Group engages in public communication outside of financial statements and communicates with users of financial on the perspective of management levels on the overall financial performance of the Group, relevant information regarding the disclosure of performance measures defining management levels should be disclosed in a single note to the financial statements. This includes the description of the measures, how they are calculated, adjustments to subtotals or totals as defined by IFRS accounting standards, and the impact of income tax and non-controlling interests related to the adjustments.

2. Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"

The main amendment involves modifying the classification rules for financial assets, including if a financial asset includes an item with a changeable contractual cash flow timing or amount, and if the nature of the contingent item is not directly related to the changes in the basic loan risk

and cost (such as whether the debtor achieves a reduction in specific carbon emissions). In such cases, the contractual cash flows of these financial assets are still entirely for the payment of principal and interest on the outstanding principal amount, provided that the following two conditions are met:

- All potential scenarios (before or after the occurrence of events) generate contractual cash flows that consist entirely of the payment of principal and interest on the outstanding principal amount; and
- There are no significant differences between the contractual cash flows arising from all possible scenarios and the cash flows from financial instruments with the same contractual terms but without or with different characteristics.

The amendment also stipulates that when a company uses an electronic payment system to settle financial liabilities in cash, if it meets the following conditions, it may choose to exclude the financial liabilities before the settlement date:

- Companies do not have the actual ability to withdraw, stop, or cancel the payment instructions;
- The company does not have the actual ability to access the cash that will be used for settlement due to the payment instructions; and
- The settlement risk associated with the electronic payment system is not significant.

In addition to the effects mentioned and up until the publishing date of the consolidated financial statements, the Group is continuing to assess the other impacts of amendments to various 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 IFRS accounting standard.

(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 2023 consolidated financial statements.

Income tax expense

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

VI. Cash and Cash Equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 253	\$ 258	\$ 236
Checking and savings	135,807	138,123	109,645
Cash equivalents (investments with initial duration of less than 3 months)			
Bank certificate of deposit	34,815	-	-
	\$ 170,875	\$ 138,381	\$ 109,881

VII. Financial assets at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Domestic investment			
Bank time deposit with initial maturity date over 3 months	\$ 67,098	\$ 86,588	\$ 119,076

The interest rate ranges of time deposits with the initial maturity date over 3 months as of September 30, 2024, December 31, 2023 and September 30, 2023 were 4.50%~5.35%, 5.55%~5.68% and 4.75%~5.55 per annum, respectively.

VIII. Accounts Receivable and Other Receivables

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts receivable</u>			
measured at amortized cost			
Total carrying amount	\$ 24,633	\$ 38,052	\$ 20,739
Less: Allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 24,633</u>	<u>\$ 38,052</u>	<u>\$ 20,739</u>
<u>Other receivables</u>			
Receivable of certificate of			
deposit interest	\$ 1,213	\$ 1,154	\$ 1,219
Others	28	27	26
Less: Allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,241</u>	<u>\$ 1,181</u>	<u>\$ 1,245</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, as well as GDP forecasts. 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, 2024

	Not Past Due	More than 270 days overdue	Total
Expected credit loss rate	-	100%	
Total carrying amount	\$ 24,633	\$ -	\$ 24,633
Allowance for losses (lifetime expected credit loss)			
Amortized cost	<u>\$ 24,633</u>	<u>\$ -</u>	<u>\$ 24,633</u>

December 31, 2023

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

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>

## IX. Subsidiaries

### Subsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%)			Remarks/specify details
			September 30, 2024	December 31, 2023	September 30, 2023	
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.

On January 3, 2024, in response to business growth needs, the Company announced plans to establish a joint venture company, Wazhi Digital Entertainment Co., Ltd., with Wiselink Co., Ltd. This joint venture company will operate general investment business

in India. As of September 30, 2024, the Company has not yet made any capital contributions.

**X. Investment Accounted For Using the Equity Method**

The chairman of the Group also serves as the chairman of DIT Startup Inc. 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 Inc. to Wanin International Co., Ltd. for a total price of NT\$7,472 thousand.

**XI. Self-use property, plant and equipment**

	Land owned	Buildings and structures	Network devices	Facility equipment	Leasehold improvements	Transportation equipment	Total
<u>Cost</u>							
Balance as of January 1, 2024	\$ 54,558	\$ 3,638	\$ 149,051	\$ 9,205	\$ 2,639	\$ 684	\$ 219,775
Acquisition	-	-	1,403	2,576	620	-	4,599
Disposition	-	-	( 33,607 )	( 1,051 )	-	-	( 34,658 )
Balance as of September 30, 2024	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 116,847</u>	<u>\$ 10,730</u>	<u>\$ 3,259</u>	<u>\$ 684</u>	<u>\$ 189,716</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2024	\$ -	\$ 1,354	\$ 149,011	\$ 7,204	\$ 1,783	\$ 684	\$ 160,036
Disposition	-	-	( 33,607 )	( 1,051 )	-	-	( 34,658 )
Depreciation expenses	-	91	89	1,151	595	-	1,926
Balance as of September 30, 2024	<u>\$ -</u>	<u>\$ 1,445</u>	<u>\$ 115,493</u>	<u>\$ 7,304</u>	<u>\$ 2,378</u>	<u>\$ 684</u>	<u>\$ 127,304</u>
Net balance on September 30, 2024	<u>\$ 54,558</u>	<u>\$ 2,193</u>	<u>\$ 1,354</u>	<u>\$ 3,426</u>	<u>\$ 881</u>	<u>\$ -</u>	<u>\$ 62,412</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 54,558</u>	<u>\$ 2,284</u>	<u>\$ 40</u>	<u>\$ 2,001</u>	<u>\$ 856</u>	<u>\$ -</u>	<u>\$ 59,739</u>
<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 as of 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>\$ 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
Disposition	-	-	-	-	-	-	-
Depreciation expenses	-	90	130	618	648	-	1,486
Balance as of 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>\$ 159,491</u>
Net balance 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>\$ 59,682</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 years
Leasehold improvements	1 to 3 years
Transportation equipment	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, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use asset			
Buildings	<u>\$ 12,681</u>	<u>\$ 3,430</u>	<u>\$ 4,755</u>
From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Acquisition on right-of-use assets	<u>\$ 1,445</u>	<u>\$ -</u>	<u>\$ 13,360</u>
Depreciation expense of right-of-use assets			
Buildings	<u>\$ 1,438</u>	<u>\$ 1,324</u>	<u>\$ 4,109</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, 2024 and 2023.

**(II) Lease liabilities**

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liability			
Current	<u>\$ 6,021</u>	<u>\$ 2,531</u>	<u>\$ 3,632</u>
Non-current	<u>\$ 6,741</u>	<u>\$ 950</u>	<u>\$ 1,179</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.99%~2.51%	1.04%~2.23%	1.04%~2.23%

(III) Important lease activities and terms

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

(IV) Other leasing information

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term lease expense	\$ 2	\$ 9	\$ 21	\$ 28
Total cash (outflow) of leases			( \$ 4,215 )	( \$ 4,111 )

XIII. Investment properties

	Completed investment properties
<u>Cost</u>	
Balance as of January 1, 2024	\$ 22,271
Addition	362
Balance as of September 30, 2024	<u>\$ 22,633</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2024	\$ 7,733
Depreciation expenses	469
Balance as of September 30, 2024	<u>\$ 8,202</u>
Net balance on September 30, 2024	<u>\$ 14,431</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 14,538</u>
<u>Cost</u>	
Balance as of January 1, 2023	\$ 22,271
Balance as of September 30, 2023	<u>\$ 22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ 7,114
Depreciation expenses	464
Balance as of September 30, 2023	<u>\$ 7,578</u>
Net balance on September 30, 2023	<u>\$ 14,693</u>

The lease term for investment properties is 3 years, with an option to extend the lease term for 1 year. When exercising the right to renew the lease, the lessee shall agree to

adjust the rent according to the market rent. The lessee does not have the preferential right to take over the investment properties at the end of the lease term.

Investment properties are depreciated on a straight-line based on the following useful life:

Buildings and structures	36 years
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The fair value of the investment properties on December 31, 2023 was NT\$105,156 thousand. As assessed by the Group's management, there was no significant change in the fair value from January 1 to September 30, 2024.

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Investment properties letting commitment	\$ 1,260	\$ 2,205	\$ 2,520

#### XIV. Other intangible assets

	Computer software	Trademark rights	Software royalty	Other intangible assets	Total
<b>Cost</b>					
Balance as of January 1, 2024	\$ 4,227	\$ -	\$ 9,048	\$ -	\$ 13,275
Acquisition	16,199	1,196	169	5,409	22,973
Disposition	( 2,848 )	- -	( 6,033 )	- -	( 8,881 )
Balance as of September 30, 2024	17,578	1,196	3,184	5,409	27,367
<b>Accumulated amortization and impairment</b>					
Balance as of January 1, 2024	2,158	- -	6,013	- -	8,171
Amortization expenses	4,842	90	2,477	157	7,566
Disposition	( 2,848 )	- -	( 6,033 )	- -	( 8,881 )
Balance as of September 30, 2024	4,152	90	2,457	157	6,856
Net balance on September 30, 2024	\$ 13,426	\$ 1,106	\$ 727	\$ 5,252	\$ 20,511
Net balance on December 31, 2023 and January 1, 2024	\$ 2,069	\$ - -	\$ 3,035	\$ - -	\$ 5,104
<b>Cost</b>					
Balance as of January 1, 2023	\$ 7,224	\$ - -	\$ 8,964	\$ - -	\$ 16,188
Acquisition	560	- -	84	- -	644
Disposition	( 870 )	- -	- -	- -	( 870 )

	Computer software	Trademark rights	Software royalty	Other intangible assets	Total
Balance as of September 30, 2023	<u>6,914</u>	<u>-</u>	<u>9,048</u>	<u>-</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	( <u>870</u> )	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 870 )</u>
Balance as of September 30, 2023	<u>4,868</u>	<u>-</u>	<u>5,023</u>	<u>-</u>	<u>9,891</u>
Net balance on September 30, 2023	<u><u>\$ 2,046</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,025</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,071</u></u>

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

Computer software	1 to 5 years
Trademark rights	10 years
Software royalty	1 to 2 years
Other intangible assets	5 years

Amortization expenses summarized by function:

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating costs	\$ 1,698	\$ 2,034	\$ 6,806	\$ 6,054
General and administrative expenses	<u>243</u>	<u>166</u>	<u>760</u>	<u>537</u>
	<u><u>\$ 1,941</u></u>	<u><u>\$ 2,200</u></u>	<u><u>\$ 7,566</u></u>	<u><u>\$ 6,591</u></u>

#### XV. Other assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepayments (Note 1)	\$ 1,624	\$ 3,779	\$ 4,802
Deferred costs	98	342	664
Other prepayments	2,648	8,202	2,118
Others	<u>457</u>	<u>767</u>	<u>72</u>
	<u><u>\$ 4,827</u></u>	<u><u>\$ 13,090</u></u>	<u><u>\$ 7,656</u></u>
<u>Non-current</u>			
Refundable deposits	\$ 807	\$ 671	\$ 671
Prepayments for business facilities	2,619	-	-
Other financial assets (Note 2)	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>
	<u><u>\$ 5,626</u></u>	<u><u>\$ 2,871</u></u>	<u><u>\$ 2,871</u></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\$1,609 thousand and NT\$4,598 thousand for the nine months ended September 30, 2024 and 2023. The Group adopts the use value as the recoverable amount of this advance payment at a discount rate of 2.5131% and 2.3570%, 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, 2024	December 31, 2023	September 30, 2023
<b>Current</b>			
Other payables			
Salaries and bonus payable	\$ 8,476	\$ 7,776	\$ 5,061
Advertising fee payable	894	6	21
Service fee payable	1,277	875	1,123
Insurance premium payable	999	618	570
Cash dividends payable	11,806	-	-
Business facilities payable	145	-	-
Others (pension and business tax)	<u>1,195</u>	<u>1,438</u>	<u>813</u>
	<u>\$ 24,792</u>	<u>\$ 10,713</u>	<u>\$ 7,588</u>
Other payables - related parties	<u>\$ 344</u>	<u>\$ 262</u>	<u>\$ 74</u>
Other liabilities			
Advance Revenue	\$ -	\$ 1,528	\$ 1,528
Other receipts (temporary receipts and cash collected for clients)	<u>619</u>	<u>498</u>	<u>491</u>
	<u>\$ 619</u>	<u>\$ 2,026</u>	<u>\$ 2,019</u>
<b>Non-current</b>			
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, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (thousand shares)	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
Authorized share capital	<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>25,972</u>	<u>23,611</u>	<u>23,611</u>
Amount of shares issued	<u>\$ 259,724</u>	<u>\$ 236,113</u>	<u>\$ 236,113</u>

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

According to the resolution of the shareholders' meeting on June 19, 2024, the Company issued 2,361 thousand new shares with a par value of NT\$10 per share from the undistributed earnings of NT\$23,611 thousand, resulting in paid-in capital of NT\$259,724 thousand after the capital increase. The above capital increase was approved by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) and became effective on August 27, 2024. According to the resolution of the Board of Directors, September 30, 2024 was the base date for capital increase. The registration of the change was completed on October 4, 2024.

(II) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<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 excess balance may be set aside or transferred to a special surplus reserve pursuant to the relevant laws. Any remaining surplus may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submitted to the shareholders' meeting to resolve on the distribution of shareholders' dividends. The Company may authorize the Board of Directors to distribute all or part of the dividends and bonuses payable in cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report to the latest shareholders' meeting. When there is no loss, the Company may authorize the Board of Directors to distribute all or part of the statutory surplus reserve (more than 25% of the paid-in capital) and the capital reserve in compliance with the Company Act in cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report to the latest shareholders' meeting. For the distribution policy for employees' compensation and remuneration of directors to Note 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 statutory surplus reserve may be used to cover losses. If the Company has no losses, the excess of statutory surplus reserve over 25% of the paid-in capital may be transferred to share capital or distributed in cash.

The Company held regular shareholders' meetings on June 19, 2024 and June 21, 2023, and passed the resolutions to approve the profit distribution proposals for 2023 and 2022, respectively, as follows:

	2023	2022
Statutory surplus reserve	<u>\$ 3,320</u>	<u>\$ 3,664</u>
Cash dividends	<u>\$ 11,806</u>	<u>\$ 13,365</u>
Stock dividends	<u>\$ 23,611</u>	<u>\$ 13,365</u>
Cash dividend per share (NT\$)	\$ 0.5	\$ 0.6
Stock dividend per share (NT\$)	\$ 1.0	\$ 0.6

The distribution of the above-mentioned cash dividends was approved by a resolution of the Board of Directors on March 15, 2024 and March 27, 2023, respectively, and the remaining surplus distribution items were also resolved at the regular shareholders' meetings held on June 19, 2024 and June 21, 2023, respectively.

## XX. Revenue

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Revenue from Contracts with Customers				
Online Games and Digital Content	\$ 35,390	\$ 30,424	\$ 110,372	\$ 93,420
Advertising income	1,358	-	3,368	-
Labor income	1	-	2	162
Other income	<u>41</u>	<u>-</u>	<u>67</u>	<u>-</u>
	<u><u>\$ 36,790</u></u>	<u><u>\$ 30,424</u></u>	<u><u>\$ 113,809</u></u>	<u><u>\$ 93,582</u></u>

## (I) Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Accounts receivable (Note 8)	<u>\$ 24,633</u>	<u>\$ 38,052</u>	<u>\$ 20,739</u>	<u>\$ 18,109</u>
Contract liabilities				
Online Games and Digital Content	<u>\$ 1,879</u>	<u>\$ 3,730</u>	<u>\$ 7,135</u>	<u>\$ 6,594</u>

(II) Disaggregation of contract revenue

<u>Product Category</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Artwork design services (Note 27)	\$ 100,064	\$ 74,246
Mobile games	10,255	13,769
Computer games	53	5,405
Advertising income	3,368	-
Labor income - art design project income (Note 27)	-	162
Labor income - others (Note 27)	2	-
Others	67	-
	<u><b>\$ 113,809</b></u>	<u><b>\$ 93,582</b></u>

XXI. Net profit for this period

(I) Interest Income

	<u>From July 1 to September 30, 2024</u>	<u>From July 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Cash in bank	\$ 274	\$ 91	\$ 785	\$ 516
Financial assets at amortized cost	1,201	1,444	4,365	3,709
Imputed interest on deposits	2	2	6	6
	<u><b>\$ 1,477</b></u>	<u><b>\$ 1,537</b></u>	<u><b>\$ 5,156</b></u>	<u><b>\$ 4,231</b></u>

(II) Other income

	<u>From July 1 to September 30, 2024</u>	<u>From July 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Rental income	\$ 309	\$ 309	\$ 927	\$ 927
Other income	50	185	1,851	267
	<u><b>\$ 359</b></u>	<u><b>\$ 494</b></u>	<u><b>\$ 2,778</b></u>	<u><b>\$ 1,194</b></u>

(III) Other gains and losses

	<u>From July 1 to September 30, 2024</u>	<u>From July 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2024</u>	<u>From January 1 to September 30, 2023</u>
Foreign currency exchange (loss) gain, net	(\$ 3,131)	\$ 4,848	\$ 4,123	\$ 6,775
(Loss) gain on disposal of property, plant, and equipment	-	-	10	-
Gain on disposal of investments	-	328	-	328

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Lease modification gain	-	-	-	6
Miscellaneous expenditure	<u>-</u> ( \$ 3,131 )	<u>-</u> \$ 5,176	<u>-</u> \$ 4,133	( <u>2</u> ) \$ 7,107

(IV) Finance costs

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Interest on lease liabilities	\$ 64	\$ 20	\$ 115	\$ 73
Imputed interest on deposits	<u>1</u> \$ 65	<u>1</u> \$ 21	<u>2</u> \$ 117	<u>2</u> \$ 75

(V) Impairment loss

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Prepayments (included in operating costs)	<u>463</u> \$ 463	<u>1,146</u> \$ 1,146	<u>1,609</u> \$ 1,609	<u>4,598</u> \$ 4,598

(VI) Depreciation and amortization

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Depreciation expenses summarized by function				
Operating costs	\$ 241	\$ 27	\$ 399	\$ 136
Operating expenses	<u>2,044</u> \$ 2,285	<u>1,953</u> \$ 1,980	<u>6,105</u> \$ 6,504	<u>5,830</u> \$ 5,966
Amortization summarized by function				
Operating costs	\$ 1,698	\$ 2,034	\$ 6,806	\$ 6,054
Operating expenses	<u>243</u> \$ 1,941	<u>166</u> \$ 2,200	<u>760</u> \$ 7,566	<u>537</u> \$ 6,591

Please refer to Note 14 for information on the amortization expenses of intangible assets allocated to individual items.

(VII) Employee benefit expenses

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term employee benefits	\$ 16,847	\$ 10,320	\$ 47,523	\$ 30,977
Post-employment benefits				
Defined contribution plans	748	427	2,069	1,287
Total employee benefit expenses	<u>\$ 17,595</u>	<u>\$ 10,747</u>	<u>\$ 49,592</u>	<u>\$ 32,264</u>
Summarized by functions				
Operating costs	\$ 6,981	\$ 1,084	\$ 18,642	\$ 3,458
Operating expenses	<u>10,614</u>	<u>9,663</u>	<u>30,950</u>	<u>28,806</u>
	<u><u>\$ 17,595</u></u>	<u><u>\$ 10,747</u></u>	<u><u>\$ 49,592</u></u>	<u><u>\$ 32,264</u></u>

(VIII) Employee compensation and remunerations of directors

According to the Articles of Incorporation, the Company allocates no less than 1% and no more than 3% of the pre-tax profits for the current year to employee remuneration and director remuneration, respectively. The estimated employee remuneration and remuneration of directors for the nine months ended September 30, 2024 and 2023 are as follows:

Accrual rate

	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employee compensation	1%	1%
Remuneration of Directors	1%	1%

Amount

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employee compensation	(\$ 58)	\$ 136	\$ 171	\$ 222
Remuneration of Directors	(\$ 58)	\$ 136	\$ 171	\$ 222

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 2023 and 2022, which have been approved by the Company's board of directors on March 15, 2024 and March 27, 2023, respectively, were as follows:

Amount

	2023	2022
	Cash	Cash
Employee compensation	<u>\$ 457</u>	<u>\$ 378</u>
Remuneration of Directors	<u>\$ 350</u>	<u>\$ 378</u>

There was no difference between the actual amounts of employees' compensation and remuneration of directors for 2023 and 2022 paid and the amounts recognized in the consolidated financial statements for 2023 and 2022.

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

(IX) Foreign currency exchange gains or losses

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Total foreign currency exchange gain	\$ 1,742	\$ 4,851	\$ 9,803	\$ 9,699
Total foreign currency exchange loss	( 4,873 )	( 3 )	( 5,680 )	( 2,924 )
Net gain (loss)	<u>( \$ 3,131 )</u>	<u>\$ 4,848</u>	<u>\$ 4,123</u>	<u>\$ 6,775</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, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Current tax				
Surtax on undistributed earnings	\$ -	( \$ 28 )	\$ -	\$ 254
Adjustments for prior years	_____ -	_____ -	_____ -	_____ 2
Income tax (benefit) expense recognized in profit or loss	<u>\$ -</u>	<u>( \$ 28 )</u>	<u>\$ -</u>	<u>\$ 256</u>

(II) Verification of income tax

The tax returns filed by the Company prior to 2022 have been approved by the tax authorities.

**XXIII. Earning (loss) per share**

Unit: NT\$ per share

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Basic earning (loss) per share	( \$ 0.22 )	\$ 0.52	\$ 0.64	\$ 0.83
Diluted earning (loss) per share	( \$ 0.22 )	\$ 0.52	\$ 0.64	\$ 0.83

The earnings (loss) per share computation was adjusted retroactively for the issuance of bonus shares, for which the record date was set on September 30, 2024. Changes in the basic and diluted earnings per share, due to retrospective adjustment, during the three months and nine months ended September 30, 2023 are as follows:

Unit: NT\$ per share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	From July 1 to September 30, 2023	From January 1 to September 30, 2023	From July 1 to September 30, 2023	From January 1 to September 30, 2023
Basic earning per share	\$ 0.57	\$ 0.91	\$ 0.52	\$ 0.83
Diluted earning per share	\$ 0.57	\$ 0.91	\$ 0.52	\$ 0.83

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

**Current net income (loss)**

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Net profit (loss) used for calculating basic earnings per share	( \$ 5,688 )	\$ 13,382	\$ 16,725	\$ 21,503
Net profit (loss) used for calculating diluted earnings per share	( \$ 5,688 )	\$ 13,382	\$ 16,725	\$ 21,503

Number of Shares

Unit: thousand shares

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Weighted average number of ordinary shares used for calculating basic earnings (loss) per share	25,972	25,972	25,972	25,972
Effect of potentially dilutive ordinary shares:				

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Employee compensation	1	4	1	4
Weighted average number of ordinary shares used for calculating diluted earnings (loss) per share	<u>25,973</u>	<u>25,976</u>	<u>25,973</u>	<u>25,976</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 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

The Group conducted the following investments and financing activities in non-cash transactions during the nine months ended September 30, 2024 and 2023:

1. During the nine months ended September 30, 2024, the Group acquired the property, plant and equipment at a fair value of NT\$4,599 thousand, so the notes payable increased by NT\$517 thousand, and the cash payment for the acquisition of property, plant and equipment totaled NT\$4,082 thousand (see Note 11).
2. During the nine months ended September 30, 2024, the Group acquired the computer software and software royalty at a fair value of NT\$22,973 thousand, so the other payables increased by NT\$145 thousand; and the cash payment for the acquisition of intangible assets totaled NT\$22,828 thousand (see Note 14).
3. The cash dividends distributed by the resolution of the shareholders' meeting have not yet been distributed on September 30, 2024 (see Note 17).

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

###### From January 1 to September 30, 2024

	January 1, 2024	Cash flow	Non-cash changes			September 30, 2024
			New lease	Interest expense	Interest payments	
Lease liabilities	\$ 3,481	(\$ 4,079)	\$ 13,360	\$ 115	(\$ 115)	\$ 12,762

From January 1 to September 30, 2023

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

#### XXV. Capital Risk Management

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

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

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

#### XXVI. Financial instruments

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

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

(II) Classification of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 266,854	\$ 267,073	\$ 253,812
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	31,396	20,545	10,995

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 reports which analyze risk exposure in accordance with risk level and risk scope. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

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

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

(1) Exchange rate risk

Bank deposits calculated in 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 represent the amount that will increase the net profit before tax when the New Taiwan dollar appreciates by 1% relative to the relevant currencies; when the New Taiwan dollar depreciates by 1% relative to the relevant foreign currencies, its impact on the net loss before tax will be the negative number of the same amount.

	Impact of USD	
	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Profit (Loss)	\$ 1,250 (i)	\$ 1,369 (i)

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

The Consolidated Company's sensitivity to the US dollar exchange rate decreased in the current period, mainly due to the reduction of financial assets measured by the amortized cost in US dollars for the 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, 2024	December 31, 2023	September 30, 2023
Interest rate risk related to fair value			
— Financial assets	\$ 67,098	\$ 86,588	\$ 119,076

### Sensitivity Analysis

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

If the interest rate increases or decreases by 1%, when all other variables keep unchanged, it does not have an impact on the Group's net income after tax for the nine months ended September 30, 2024 and 2023.

## 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 rise exposure to the Consolidated Company, which can be due to a counterparty 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, 2024, December 31, 2023, and September 30, 2023 were 76.25%, 96.27%, and 91.16%, 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 September 30, 2024, December 31, 2023, and September 30, 2023 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, 2024

	Repayment on demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
Zero-interest- bearing liabilities	\$ 25,376	\$ 517	\$ 5,303	\$ -	\$ -
Lease liabilities	495	994	4,532	6,741	-
	<u>\$ 25,871</u>	<u>\$ 1,511</u>	<u>\$ 9,835</u>	<u>\$ 6,741</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>\$ 6,021</u>	<u>\$ 6,741</u>

December 31, 2023

	Repayment on demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
Zero-interest- bearing liabilities	\$ 14,348	\$ -	\$ 5,997	\$ -	\$ -
Lease liabilities	<u>445</u>	<u>890</u>	<u>1,196</u>	<u>950</u>	<u>-</u>
	<u><u>\$ 14,793</u></u>	<u><u>\$ 890</u></u>	<u><u>\$ 7,193</u></u>	<u><u>\$ 950</u></u>	<u><u>\$ -</u></u>

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

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

September 30, 2023

	Repayment on demand or less than 1 month	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><u>\$ 7,298</u></u>	<u><u>\$ 1,418</u></u>	<u><u>\$ 5,710</u></u>	<u><u>\$ 1,179</u></u>	<u><u>\$ -</u></u>

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

	Within 1 year	1-5 years
Lease liabilities	<u>\$ 3,632</u>	<u>\$ 1,179</u>

(2) Line of credit

	September 30, 2024	December 31, 2023	September 30, 2023
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><u>\$ 145,000</u></u>	<u><u>\$ 145,000</u></u>	<u><u>\$ 145,000</u></u>

## XXVII. Related-Party Transactions

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

### (I) Related parties' names and relationships

Name of related party	Relationship with the Group
Wanin International Co., Ltd.	Substantive related party
Wanin International Visual Enterprise, Ltd.	Substantive related party
PlayWan Gaming Inc.,	Substantive related party
Gash Point Co., Ltd.	Substantive related party
Taiwan eSports League Co., Ltd.	Substantive related party
XAC Inc.	Substantive related party
YOE Co., Ltd.	Substantive related party

### (II) Operating revenue

Accounting items	Name of related party	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Artwork design services	Wanin International Co., Ltd.	\$ 27,495	\$ 25,911	\$ 100,064	\$ 74,246
Service income	Wanin International Co., Ltd.	1	-	2	-
	XAC Inc.	-	-	-	162
Mobile games	Wanin International Co., Ltd.	24	236	280	1,044
	YOE Co., Ltd.	34	-	34	-
	Gash Point Co., Ltd.	119	666	244	2,372
Others	Wanin International Co., Ltd.	13	-	38	-
	Gash Point Co., Ltd.	31	-	32	-
		<u>\$ 27,717</u>	<u>\$ 26,813</u>	<u>\$ 100,694</u>	<u>\$ 77,824</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	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Wanin International Co., Ltd.	\$ 586	\$ 24	\$ 655	\$ 112
PlayWan Gaming Inc.,	1,742	-	10,223	-
Gash Point Co., Ltd.	16	68	30	249
YOE Co., Ltd.	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
	<u><u>\$ 2,348</u></u>	<u><u>\$ 92</u></u>	<u><u>\$ 10,912</u></u>	<u><u>\$ 361</u></u>

(IV) Contract liabilities

Type of related party/name	September 30, 2024	December 31, 2023	September 30, 2023
Wanin International Co., Ltd.	\$ 37	\$ 53	\$ 46
Gash Point Co., Ltd.	-	1,263	3,782
YOE Co., Ltd.	<u>2</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 39</u></u>	<u><u>\$ 1,316</u></u>	<u><u>\$ 3,828</u></u>

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

Accounting items	Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable - related parties	Wanin International Co., Ltd.	\$ 18,781	\$ 36,634	\$ 18,905
Accounts receivable - related parties	Gash Point Co., Ltd.	111	443	483
Accounts receivable - related parties	YOE Co., Ltd.	<u>37</u>	<u>-</u>	<u>-</u>
		<u><u>\$ 18,929</u></u>	<u><u>\$ 37,077</u></u>	<u><u>\$ 19,388</u></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, 2024 and 2023.

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

Accounting items	Name of related party	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable - related parties	Wanin International Co., Ltd.	\$ 2	\$ 6	\$ 23
Accounts payable - related parties	PlayWan Gaming Inc.,	1,074	6,268	-
Accounts payable - related parties	Gash Point Co., Ltd.	12	95	52
Accounts payable - related parties	YOE Co., Ltd.	<u>4</u>	<u>-</u>	<u>-</u>
		<u><u>\$ 1,092</u></u>	<u><u>\$ 6,369</u></u>	<u><u>\$ 75</u></u>

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

(VII) Other payables

Type of related party/name	September 30, 2024	December 31, 2023	September 30, 2023
Wanin International Co., Ltd.	\$ 344	\$ 262	\$ 74

(VIII) Prepayments

Type of related party/name	September 30, 2024	December 31, 2023	September 30, 2023
Wanin International Co., Ltd.	\$ 524	\$ 5,759	\$ 426
Gash Point Co., Ltd.	\$ -	\$ 102	\$ -

(IX) Lease agreements as a lessee

Type of related party/name	From January 1 to September 30, 2024	From January 1 to September 30, 2023
<u>Acquisition of right-of-use assets</u>		
Wanin International Co., Ltd.	\$ 11,539	\$ -
Accounting items	Type of related party/name	September 30, 2024
Lease liabilities	Wanin International Co., Ltd.	September 30, 2024
		December 31, 2023
		September 30, 2023
Type of related party/name	From July 1 to September 30, 2024	From July 1 to September 30, 2023
<u>Interest expense</u>		
Wanin International Co., Ltd.	\$ 57	\$ 8
		\$ 90
		\$ 33
<u>Lease expenses</u>		
Wanin International Co., Ltd.	\$ 1,240	\$ 1,113
		\$ 3,491
		\$ 3,382

In May and August 2024, the Group leased an office from a related party for a period of 2.64 and 2.38 years, respectively. The rent is based on the rent level of neighboring offices, and fixed lease payments are paid monthly in accordance with the lease.

(X) Acquisition of other assets

Type of related party/name	Accounting items	Acquisition price			
		From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Wanin International Co., Ltd.	Intangible assets	\$ _____ -	\$ _____ -	\$ 15,810	\$ _____ -

The related consideration for the intangible assets listed above (League Funny platform and trademark rights) was prepaid by the Group in the amounts of NT\$5,334 thousand in November 2023 and NT\$10,476 thousand in January 2024. This amount, totaling NT\$15,810 thousand, was classified as intangible assets in the first quarter of 2024, as agreed upon by both parties in the transaction terms.

(XI) Other Related Party Transactions

Accounting items	Name of related party	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Operating Expenses - Rental Expenses	Wanin International Co., Ltd.	\$ 6	\$ _____ -	\$ 6	\$ _____ -
Operating expenses - advertising fee	Wanin International Co., Ltd.	\$ 55	\$ _____ -	\$ 91	\$ 203
Operating expenses - utility bill	Wanin International Co., Ltd.	\$ 600	\$ _____ -	\$ 600	\$ _____ -
Operating expenses - miscellaneous	Wanin International Co., Ltd.	\$ 199	\$ 171	\$ 560	\$ 518
Operating expenses - miscellaneous purchases	Wanin International Co., Ltd.	\$ -	\$ -	\$ 14	\$ -
	Taiwan eSports League Co., Ltd.	-	-	14	-
	XAC Inc.	18	\$ _____ -	18	\$ _____ -
		\$ 18	\$ _____ -	\$ 46	\$ _____ -
Other Interest Income	Wanin International Co., Ltd.	\$ 2	\$ 2	\$ 6	\$ 6
Other income - other	Wanin International Visual Enterprise, Ltd.	\$ -	\$ -	\$ 45	\$ -

Accounting items	Type of related party/name	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits	Wanin International Co., Ltd.	\$ 637	\$ 502	\$ 502
Payment on behalf	Wanin International Co., Ltd.	\$ _____ -	\$ 379	\$ _____ -

(XII) Disposal of other assets

Type of related party/name	Accounting items	Disposal price		Disposal (Gain) Loss	
		From January 1 to September 30, 2024	From January 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Wanin International Co., Ltd.	Investments accounted for using the equity method (Note 10)	\$ -	\$ 7,472	\$ -	\$ 328

(XIII) Compensation to key management personnel

	From July 1 to September 30, 2024	From July 1 to September 30, 2023	From January 1 to September 30, 2024	From January 1 to September 30, 2023
Short-term employee benefits	\$ 1,671	\$ 2,468	\$ 7,256	\$ 7,854
Post-employment benefits	55	54	163	162
	<u>\$ 1,726</u>	<u>\$ 2,522</u>	<u>\$ 7,419</u>	<u>\$ 8,016</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 and performance margin for game points were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 49,051	\$ 49,051	\$ 49,051
Investment properties	14,431	14,538	14,693
Other financial assets - non-current	2,200	2,200	2,200
	<u>\$ 65,682</u>	<u>\$ 65,789</u>	<u>\$ 65,944</u>

**XXIX. Significant Contingent Liabilities and Unrecognized Commitments**

Apart from the matters mentioned in other footnotes, the Group's significant committed obligations and other contingencies are as follows:

As of September 30, 2024, the Group has signed lease improvement contracts totaling NT\$5,714 thousand, with an outstanding payment of NT\$3,095 thousand.

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

The following summary is presented in foreign currencies other than the functional currency. The exchange rates disclosed in the summary refer to the exchange rate of a

foreign currency to the functional currency. The significant impact on financial assets and liabilities recognized in foreign currencies are described as follows:

September 30, 2024

	Foreign currencies	Exchange Rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,950	31.65	\$ 125,025

December 31, 2023

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

September 30, 2023

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

The Group's foreign exchange gains or losses (realized and unrealized) for the three months and nine months ended September 30, 2024 and 2023 were a loss of NT\$3,131 thousand, a gain of NT\$4,848 thousand, a gain of NT\$4,123 thousand, and a gain of NT\$6,775 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, affiliates and joint ventures). (None)
4. Accumulated purchase or disposal of the same securities of NT\$300 million or more than 20% of the paid-in capital. (None)
5. Acquisition of real estate at cost in excess of NT\$300 million or more than 20% of the paid-in capital. (None)
6. Disposal of real estate at cost in excess of NT\$300 million or more than 20% of the paid-in capital. (None)
7. Amount of purchase and sales with related parties of NT\$100 million or more than 20% of the paid-up capital. (Table 1)

- 8. Accounts receivable from related parties of NT\$100 million or more than 20% of the paid-in capital. (None)
- 9. Derivative financial instrument transactions. (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 of 5% or more and the amount and proportion of shareholding. (Table 3)

## XXXII. Department Information

Information provided to the chief operating decision maker for the purpose of resource allocation and performance assessment for the department emphasizes the types of products or services delivered or provided. Since the Group's operating business is concentrated on online games and digital content, there is no reportable operating department.

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

Purchases and sales to related parties of NT\$100 million or more than 20% of its paid-in capital

From January 1 to September 30, 2024

Table 1

Unit: NT\$ thousands unless otherwise stated

Purchase (sale) company	Name of the counterparty	Relationship	Transaction details				Unusual trade conditions status and reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remarks (Note 2)
			Purchase (Sales)	Amount	Ratio of total purchase (sales)	Loan period	Unit price	Loan period	Balance	Proportion of total notes and accounts receivable (payable)	
Wayi International Digital Entertainment Co., Ltd.	Wanin International Co., Ltd.	Substantive related party	Sales	\$ 100,384	88	45 days	A 30% commission will be charged based on the total stored value consumption points of the month.	-	\$ 18,781	76	-

Note 1: If the transaction conditions of the related party are different from the general transaction conditions, the differences and reasons should be stated in the unit price and credit period columns.

Note 2: If there is an advance receipt (payment), the reasons, contract terms, amount, and differences from general transaction types should be stated in the remarks column.

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

Names, locations and related information of investees over which the Company exercised significant influence

From January 1 to September 30, 2024

Table 2

Unit: NT\$ thousands; 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.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment	\$ 20,216 USD 599,555	\$ 20,216 USD 599,555	-	100	\$ 34,372	\$ 1,699	\$ 1,699	Note 1
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands.	Investment	1,690 USD 50,000	1,690 USD 50,000	-	100	1,941	( 112 )	( 112 )	Note 1

Note 1: The calculation is based on the financial statements for the nine months ended September 30, 2024 reviewed by CPAs.

Wayi International Digital Entertainment Co., Ltd.

Information of Major Shareholders

September 30, 2024

Table 3

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%

Note: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data on shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different bases of preparation.