

**METAAGE CORPORATION**  
**(Original Name : SYSAGE TECHNOLOGY CO., LTD.)**  
**AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Report**  
**For the Years Ended December 31, 2022 and 2021 (Restated)**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the combined financial statements of METAAGE CORPORATION as of and for the year ended December 31, 2022 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, METAAGE CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: METAAGE CORPORATION  
Chairman: Michael CH Lee  
Date: Febuary 23, 2023



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## Independent Auditors' Report

To the Board of Directors of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.):

### Opinion

We have audited the consolidated financial statements of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 (restated), the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, (restated), and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021 (restated), and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021, (restated), in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Emphasis of Matter

As stated in Note 1, Note 4(c) and Note 6(g), METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) fully acquired 100% shareholdings in Metaguru Corporation from subsidiary of Qisda Corporation, BenQ Guru Holding Limited by cash on December 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The Group restated the consolidated financial statements for the year ended December 31, 2021. Our conclusion is not modified in respect of this matter.

## Other Matter

We did not audit the financial statements of certain subsidiaries of the Group and investments accounted for using the equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts included for those subsidiaries and investees, is based solely on the reports of other auditors. The total assets of those subsidiaries constituted 2.04% and 1.77% of the total consolidated assets as of December 31, 2022 and 2021 (restated), respectively, and the total operating revenue constituted 2.42% and 1.73% of the consolidated operating revenue for the years ended December 31, 2022 and 2021 (restated), respectively. In addition, the recognized investments accounted for using the equity method constituted 1.23% and 1.24% of the total consolidated assets as of December 31, 2022 and 2021 (restated), respectively, and the recognized shares of profit or loss of associates accounted for using equity method constituted 1.35% and 0.68% of the consolidated profit before tax for the years ended December 31, 2022 and 2021 (restated), respectively.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with emphasis of matter and other matter paragraph.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### 1. Valuation of inventories

Please refer to Note 4(h) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

#### Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management's subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

#### How the matter was addressed in our audit:

Our audit procedures included understanding the Group's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management's recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

## 2. Impairment of goodwill

Please refer to Note 4(o) for the accounting policy on impairment of non-financial assets, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(m) for the assessment of impairment of goodwill.

### Description of key audit matter:

Goodwill arising from acquisition of subsidiaries is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

### How the matter was addressed in our audit:

Our audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions; performing a sensitivity analysis of the results; and assessing the adequacy of the Group's disclosures with respect to the related information.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)  
February 23, 2023

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

|  | December 31, 2022   |            | December 31, 2021 |            |  | December 31, 2022   |            | December 31, 2021 |            |
|--|---------------------|------------|-------------------|------------|--|---------------------|------------|-------------------|------------|
|  | Amount              | %          | Amount            | %          |  | Amount              | %          | Amount            | %          |
| <b>Assets</b>  |                     |            |                   |            | <b>Liabilities and Equity</b>  |                     |            |                   |            |
| <b>Current assets:</b>   |                     |            |                   |            | <b>Current liabilities:</b>  |                     |            |                   |            |
| 1100 Cash and cash equivalents (Note 6(a))   | \$ 784,073          | 9          | 673,911           | 8          | 2100 Short-term borrowings (Note 6(n))   | \$ 1,291,601        | 14         | 1,145,658         | 14         |
| 1110 Current financial assets at fair value through profit or loss (Note 6(b))       | 623                 | -          | 243               | -          | 2110 Short-term notes and bills payable (Note 6(o))  | 199,619             | 2          | -                 | -          |
| 1141 Current contract assets (Note 6(w))   | 8,037               | -          | 20,392            | -          | 2120 Current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))     | 13,930              | -          | 7,522             | -          |
| 1170 Notes and accounts receivable, net (Notes 6(c) and (w))                         | 2,669,519           | 29         | 2,737,713         | 32         | 2130 Contract liability (Note 6(w))  | 300,110             | 4          | 254,000           | 3          |
| 1180 Accounts receivable due from related parties, net (Notes 6(c), (w) and 7)       | 57,129              | 1          | 82,141            | 1          | 2170 Notes and accounts payable (Note 7)   | 1,934,173           | 21         | 1,453,248         | 17         |
| 1300 Inventories (Note 6(e))   | 3,429,498           | 38         | 2,858,682         | 33         | 2200 Other payables (Note 7)   | 460,621             | 5          | 514,571           | 6          |
| 1410 Prepayments (Note 7)  | 47,007              | -          | 56,052            | 1          | 2280 Current lease liabilities (Notes 6(q) and 7)  | 43,564              | 1          | 42,065            | 1          |
| 1470 Other current assets (Notes 6(d) and 7)   | 6,199               | -          | 56,684            | 1          | 2310 Advance receipts  | 866                 | -          | 23,171            | -          |
|  | <u>7,002,085</u>    | <u>77</u>  | <u>6,485,818</u>  | <u>76</u>  | 2320 Long-term borrowings, current portion (Note 6(p))   | 16,627              | -          | 17,037            | -          |
| <b>Non-current assets:</b>   |                     |            |                   |            | 2399 Other current liabilities   | <u>3,159</u>        | <u>-</u>   | <u>1,677</u>      | <u>-</u>   |
| 1510 Non-current financial assets at fair value through profit or loss (Note 6(b))   | 510,844             | 6          | 338,296           | 4          |  | <u>4,264,270</u>    | <u>47</u>  | <u>3,458,949</u>  | <u>41</u>  |
| 1550 Investments accounted for using equity method (Note 6(f))                       | 115,854             | 1          | 110,312           | 1          | <b>Non-current liabilities:</b>  |                     |            |                   |            |
| 1600 Property, plant and equipment (Notes 6(j) and 8)                                | 926,433             | 10         | 943,464           | 11         | 2500 Non-current financial liabilities at fair value through profit or loss (Notes 6(b) and (g)) | 63,144              | 1          | 97,986            | 1          |
| 1755 Right-of-use assets (Note 6(k))   | 169,707             | 2          | 188,707           | 2          | 2540 Long-term borrowings (Note 6(p))  | 260,254             | 3          | 276,586           | 3          |
| 1780 Intangible assets (Notes 6(g) and (m))  | 191,898             | 2          | 192,243           | 2          | 2580 Non-current lease liabilities (Notes 6(q) and 7)  | 131,241             | 1          | 152,384           | 2          |
| 1840 Deferred income tax assets (Note 6(t))  | 45,873              | 1          | 58,833            | 1          | 2600 Other non-current liabilities (Note 6(t))   | 6,947               | -          | 4,366             | -          |
| 1931 Long-term notes receivable (Notes 6(c) and (w))                                 | 27,936              | -          | 34,265            | 1          |  | <u>461,586</u>      | <u>-5</u>  | <u>531,322</u>    | <u>-6</u>  |
| 1942 Long-term accounts receivables due from related parties (Notes 6(c), (w) and 7) | 32,886              | -          | 65,772            | 1          | <b>Total liabilities</b>   | <u>4,725,856</u>    | <u>52</u>  | <u>3,990,271</u>  | <u>47</u>  |
| 1990 Other non-current assets (Notes 6(s) and 8)                                     | 107,287             | 1          | 109,799           | 1          | <b>Equity attributable to owners of parent:</b>  |                     |            |                   |            |
|  | <u>2,128,718</u>    | <u>23</u>  | <u>2,041,691</u>  | <u>24</u>  | 3100 Share capital (Note 6(u))   | 1,883,573           | 20         | 1,883,573         | 22         |
|  | <u>\$ 9,130,803</u> | <u>100</u> | <u>8,527,509</u>  | <u>100</u> | 3200 Capital surplus (Notes 6(f), (g), (h) and (u))  | 1,272,747           | 14         | 1,275,919         | 15         |
|  |                     |            |                   |            | 3310 Legal reserve (Note 6(u))   | 441,048             | 5          | 383,289           | 4          |
|  |                     |            |                   |            | 3320 Special reserve (Note 6(u))   | 30,343              | -          | -                 | -          |
|  |                     |            |                   |            | 3350 Unappropriated retained earnings (Note 6(u))  | 631,634             | 7          | 778,125           | 9          |
|  |                     |            |                   |            | 3400 Other equity interest   | (17,108)            | -          | (30,343)          | -          |
|  |                     |            |                   |            |  | <u>4,242,237</u>    | <u>46</u>  | <u>4,290,563</u>  | <u>50</u>  |
|  |                     |            |                   |            | <b>Equity attributable to former owner of business combination under common control</b>          | -                   | -          | 78,580            | 1          |
|  |                     |            |                   |            | 36XX Non-controlling interests   | 162,710             | 2          | 168,095           | 2          |
|  |                     |            |                   |            | <b>Total equity</b>  | <u>4,404,947</u>    | <u>48</u>  | <u>4,537,238</u>  | <u>53</u>  |
| <b>Total assets</b>  | <u>\$ 9,130,803</u> | <u>100</u> | <u>8,527,509</u>  | <u>100</u> | <b>Total liabilities and equity</b>  | <u>\$ 9,130,803</u> | <u>100</u> | <u>8,527,509</u>  | <u>100</u> |

See accompanying notes to the consolidated financial statements.



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

|      |  | For the years ended<br>December 31 |           |                   |           |
|------|--|------------------------------------|-----------|-------------------|-----------|
|      |  | 2022                               |           | 2021 (Restated)   |           |
|      |  | Amount                             | %         | Amount            | %         |
| 4000 | Operating revenue (Notes 6(w) and 7)   | \$ 12,113,025                      | 100       | 12,000,721        | 100       |
| 5000 | Operating costs (Notes 6(e), (s), 7 and 12)  | <u>10,428,451</u>                  | <u>86</u> | <u>10,431,487</u> | <u>87</u> |
|      | <b>Gross profit</b>  | <u>1,684,574</u>                   | <u>14</u> | <u>1,569,234</u>  | <u>13</u> |
|      | <b>Operating expenses (Notes 6(c), (s), (x), 7 and 12):</b>  |                                    |           |                   |           |
| 6100 | Selling expenses   | 1,012,906                          | 8         | 862,876           | 7         |
| 6200 | General and administrative expenses  | 200,254                            | 2         | 194,003           | 2         |
| 6300 | Research and development expenses  | 40,032                             | -         | 29,850            | -         |
| 6450 | Expected credit loss (Reversal of expected credit loss)  | <u>49</u>                          | <u>-</u>  | <u>(13,378)</u>   | <u>-</u>  |
|      |  | <u>1,253,241</u>                   | <u>10</u> | <u>1,073,351</u>  | <u>9</u>  |
|      | <b>Net operating income</b>  | <u>431,333</u>                     | <u>4</u>  | <u>495,883</u>    | <u>4</u>  |
|      | <b>Non-operating income and expenses:</b>  |                                    |           |                   |           |
| 7010 | Other income (Notes 6(q), (y) and 7)   | 22,245                             | -         | 13,238            | -         |
| 7100 | Interest income  | 2,991                              | -         | 1,439             | -         |
| 7020 | Other gains and losses (Notes 6(i), (j), (y) and 7)  | 95,520                             | -         | 217,519           | 2         |
| 7050 | Finance costs (Notes 6(q), (y) and 7)  | (25,480)                           | -         | (17,994)          | -         |
| 7060 | Share of profit (loss) of associates accounted for using equity method (Note 6(f))                                   | <u>6,185</u>                       | <u>-</u>  | <u>3,839</u>      | <u>-</u>  |
|      |  | <u>101,461</u>                     | <u>-</u>  | <u>218,041</u>    | <u>2</u>  |
|      | <b>Profit before income tax</b>  | 532,794                            | 4         | 713,924           | 6         |
| 7950 | Less: Income tax expenses (Note 6(t))  | <u>102,046</u>                     | <u>-</u>  | <u>108,800</u>    | <u>1</u>  |
|      | <b>Profit</b>  | <u>430,748</u>                     | <u>4</u>  | <u>605,124</u>    | <u>5</u>  |
| 8300 | <b>Other comprehensive income:</b>   |                                    |           |                   |           |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss</b>   |                                    |           |                   |           |
| 8311 | Remeasurements of defined benefit plans (Note 6(s))  | 962                                | -         | (1,268)           | -         |
| 8320 | Share of other comprehensive income of associates for using equity method (Note 6(f))                                | (136)                              | -         | 349               | -         |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>-</u>                           | <u>-</u>  | <u>-</u>          | <u>-</u>  |
|      | <b>Items that may not be reclassified subsequently to profit or loss</b>   | <u>826</u>                         | <u>-</u>  | <u>(919)</u>      | <u>-</u>  |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss</b>   |                                    |           |                   |           |
| 8361 | Exchange differences on translation of foreign financial statements  | 13,043                             | -         | (30,260)          | -         |
| 8399 | Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss      | <u>-</u>                           | <u>-</u>  | <u>-</u>          | <u>-</u>  |
|      | <b>Items that may be reclassified subsequently to profit or loss</b>   | <u>13,043</u>                      | <u>-</u>  | <u>(30,260)</u>   | <u>-</u>  |
| 8300 | <b>Other comprehensive income, net of tax</b>  | <u>13,869</u>                      | <u>-</u>  | <u>(31,179)</u>   | <u>-</u>  |
|      | <b>Total comprehensive income</b>  | <u>\$ 444,617</u>                  | <u>4</u>  | <u>\$ 573,945</u> | <u>5</u>  |
|      | <b>Profit attributable to:</b>   |                                    |           |                   |           |
| 8610 | Owners of parent   | \$ 412,505                         | 4         | 577,591           | 5         |
| 8615 | Former owner of business combination under common control  | 5,721                              | -         | 6,989             | -         |
| 8620 | Non-controlling interests  | <u>12,522</u>                      | <u>-</u>  | <u>20,544</u>     | <u>-</u>  |
|      |  | <u>\$ 430,748</u>                  | <u>4</u>  | <u>\$ 605,124</u> | <u>5</u>  |
|      | <b>Comprehensive income (loss) attributable to:</b>  |                                    |           |                   |           |
| 8710 | Owners of parent   | \$ 425,740                         | 4         | 547,248           | 5         |
| 8715 | Former owner of business combination under common control  | 5,721                              | -         | 6,989             | -         |
| 8720 | Non-controlling interests  | <u>13,156</u>                      | <u>-</u>  | <u>19,708</u>     | <u>-</u>  |
|      |  | <u>\$ 444,617</u>                  | <u>4</u>  | <u>\$ 573,945</u> | <u>5</u>  |
|      | <b>Earnings per share (Note 6(v))</b>  |                                    |           |                   |           |
| 9750 | <b>Basic earnings per share (NT dollars)</b>   | <u>\$ 2.19</u>                     |           | <u>3.07</u>       |           |
| 9850 | <b>Diluted earnings per share (NT dollars)</b>   | <u>\$ 2.17</u>                     |           | <u>3.04</u>       |           |

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

|  | Equity Attributable to owners of parent |                 |                   |                 |                                  |   |  |                                   |   |  |                           |              |
|--|---|-----------------|-------------------|-----------------|----------------------------------|---|--|-----------------------------------|---|--|---------------------------|--------------|
|  | Share capital                           | Capital surplus | Retained earnings |                 |                                  | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | Remeasurements of defined benefit | Total equity attributable to owners of parent | Equity attributable to former owner of business combination under common control | Non-controlling interests | Total equity |
|  |   |                 | Legal reserve     | Special reserve | Unappropriated retained earnings |   |  |                                   |   |  |                           |              |
| <b>Balance on January 1, 2021</b>  | \$ 1,883,573                            | 1,333,011       | 328,387           | -               | 726,330                          | -   | -  | -                                 | 4,271,301                                     | 153,960  | 275,045                   | 4,700,306    |
| Profit   | -                                       | -               | -                 | -               | 577,591                          | -   | -  | -                                 | 577,591                                       | 6,989  | 20,544                    | 605,124      |
| Other comprehensive income   | -                                       | -               | -                 | -               | -                                | (29,705)  | (2)  | (636)                             | (30,343)                                      | -  | (836)                     | (31,179)     |
| Comprehensive income   | -                                       | -               | -                 | -               | 577,591                          | (29,705)  | (2)  | (636)                             | 547,248                                       | 6,989  | 19,708                    | 573,945      |
| Appropriation and distribution of retained earnings:                                 |   |                 |                   |                 |                                  |   |  |                                   |   |  |                           |              |
| Legal reserve  | -                                       | -               | 54,902            | -               | (54,902)                         | -   | -  | -                                 | -   | -  | -                         | -            |
| Cash dividends   | -                                       | -               | -                 | -               | (470,894)                        | -   | -  | -                                 | (470,894)                                     | -  | -                         | (470,894)    |
| Reorganization   | -                                       | (57,631)        | -                 | -               | -                                | -   | -  | -                                 | (57,631)                                      | (82,369)   | -                         | (140,000)    |
| Distribution of cash dividend by subsidiaries to non-controlling interests           | -                                       | -               | -                 | -               | -                                | -   | -  | -                                 | -   | -  | (22,914)                  | (22,914)     |
| Difference between consideration and carrying amount of subsidiaries' share acquired | -                                       | (440)           | -                 | -               | -                                | -   | -  | -                                 | (440)   | -  | (60)                      | (500)        |
| Changes in equity of associates accounted for using equity method                    | -                                       | 979             | -                 | -               | -                                | -   | -  | -                                 | 979   | -  | -                         | 979          |
| Derecognize non-controlling interests due to disposal of subsidiaries                | -                                       | -               | -                 | -               | -                                | -   | -  | -                                 | -   | -  | (227,162)                 | (227,162)    |
| Acquisition of non-controlling interests in a business combination                   | -                                       | -               | -                 | -               | -                                | -   | -  | -                                 | -   | -  | 119,701                   | 119,701      |
| Changes in non-controlling interests   | -                                       | -               | -                 | -               | -                                | -   | -  | -                                 | -   | -  | 3,777                     | 3,777        |
| <b>Balance on December 31, 2021</b>  | 1,883,573                               | 1,275,919       | 383,289           | -               | 778,125                          | (29,705)  | (2)  | (636)                             | 4,290,563                                     | 78,580   | 168,095                   | 4,537,238    |
| Profit   | -                                       | -               | -                 | -               | 412,505                          | -   | -  | -                                 | 412,505                                       | 5,721  | 12,522                    | 430,748      |
| Other comprehensive income   | -                                       | -               | -                 | -               | -                                | 12,874  | (171)  | 532                               | 13,235  | -  | 634                       | 13,869       |
| Comprehensive income   | -                                       | -               | -                 | -               | 412,505                          | 12,874  | (171)  | 532                               | 425,740                                       | 5,721  | 13,156                    | 444,617      |
| Appropriation and distribution of retained earnings:                                 |   |                 |                   |                 |                                  |   |  |                                   |   |  |                           |              |
| Legal reserve  | -                                       | -               | 57,759            | -               | (57,759)                         | -   | -  | -                                 | -   | -  | -                         | -            |
| Special reserve  | -                                       | -               | -                 | 30,343          | (30,343)                         | -   | -  | -                                 | -   | -  | -                         | -            |
| Cash dividends   | -                                       | -               | -                 | -               | (470,894)                        | -   | -  | -                                 | (470,894)                                     | -  | -                         | (470,894)    |
| Capital reduction  | -                                       | -               | -                 | -               | -                                | -   | -  | -                                 | -   | (56,600)   | -                         | (56,600)     |
| Reorganization   | -                                       | (3,299)         | -                 | -               | -                                | -   | -  | -                                 | (3,299)                                       | (27,701)   | -                         | (31,000)     |
| Distribution of cash dividend by subsidiaries to non-controlling interests           | -                                       | -               | -                 | -               | -                                | -   | -  | -                                 | -   | -  | (18,541)                  | (18,541)     |
| Changes in equity of associates accounted for using equity method                    | -                                       | 73              | -                 | -               | -                                | -   | -  | -                                 | 73  | -  | -                         | 73           |
| Proceeds from the disposal of forfeited funds from employee stock ownership trust    | -                                       | 54              | -                 | -               | -                                | -   | -  | -                                 | 54  | -  | -                         | 54           |
| <b>Balance on December 31, 2022</b>  | \$ 1,883,573                            | 1,272,747       | 441,048           | 30,343          | 631,634                          | (16,831)  | (173)  | (104)                             | 4,242,237                                     | -  | 162,710                   | 4,404,947    |

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

|   | For the years ended December 31 |                  |
|---|---------------------------------|------------------|
|   | 2022                            | 2021 (Restated)  |
| <b>Cash flows from operating activities:</b>  |                                 |                  |
| Profit before income tax  | \$ 532,794                      | 713,924          |
| Adjustments:  |                                 |                  |
| <b>Adjustments to reconcile profit (loss):</b>  |                                 |                  |
| Depreciation expense  | 85,074                          | 79,010           |
| Amortization expense  | 10,332                          | 11,154           |
| Gains on disposal of investment property and property, plant and equipment                    | (52)                            | (10,262)         |
| Loss on disposal of investments accounted for using equity method                             | 15                              | -                |
| Expected credit loss (Reversal of expected credit loss)                                       | 49                              | (13,378)         |
| Net gains on valuation of financial assets (liabilities) at fair value through profit or loss | (63,261)                        | (76,717)         |
| Share of profit (loss) of associates accounted for using equity method                        | (6,185)                         | (3,839)          |
| Gain on disposal of non-current assets or liabilities held for sale                           | -                               | (84,232)         |
| Gain on disposal of subsidiaries  | -                               | (20,696)         |
| Interest expense  | 25,480                          | 17,994           |
| Interest income   | (2,991)                         | (1,439)          |
| Dividend income   | (13,671)                        | (7,812)          |
| Others  | (65)                            | (428)            |
| <b>Total adjustments to reconcile profit (loss)</b>   | <u>34,725</u>                   | <u>(110,645)</u> |
| <b>Changes in operating assets and liabilities:</b>   |                                 |                  |
| <b>Total net changes in operating assets:</b>   |                                 |                  |
| Notes and accounts receivable (including long-term and related parties)                       | 133,623                         | (795,753)        |
| Current financial assets at fair value through profit or loss                                 | -                               | 154,049          |
| Inventories   | (583,906)                       | 142,988          |
| Contract assets   | 12,355                          | (6,420)          |
| Other current assets  | 10,417                          | 28,357           |
| Other non-current assets  | (1,254)                         | 4,709            |
| <b>Total changes in operating assets</b>  | <u>(428,765)</u>                | <u>(472,070)</u> |
| <b>Total changes in operating liabilities:</b>  |                                 |                  |
| Contract liability  | 46,110                          | (107,338)        |
| Notes and accounts payable  | 480,925                         | (143,386)        |
| Other payables  | (38,729)                        | 60,804           |
| Advance receipts  | (22,305)                        | 9,852            |
| Other current liabilities   | 1,482                           | (7,454)          |
| <b>Total changes in operating liabilities</b>   | <u>467,483</u>                  | <u>(187,522)</u> |
| <b>Total changes in operating assets and liabilities</b>                                      | <u>38,718</u>                   | <u>(659,592)</u> |
| <b>Total adjustments</b>  | <u>73,443</u>                   | <u>(770,237)</u> |
| Cash inflows (outflows) generated from operations   | 606,237                         | (56,313)         |
| Interest received   | 3,002                           | 1,375            |
| Dividends received  | 13,671                          | 7,812            |
| Interest paid   | (24,692)                        | (17,885)         |
| Income taxes paid   | (102,606)                       | (111,056)        |
| <b>Net cash inflows (outflows) from operating activities</b>                                  | <u>495,612</u>                  | <u>(176,067)</u> |
| <b>Cash flows from investing activities:</b>  |                                 |                  |
| Decrease in financial liabilities at fair value through profit or loss                        | (7,408)                         | -                |
| Acquisition of non-current financial assets at fair value through profit or loss              | (130,856)                       | (100,000)        |
| Acquisition of investments accounted for using equity method                                  | -                               | (5,000)          |
| Return of capital from investments accounted for using equity method                          | 565                             | -                |
| Share capital from acquisition of subsidiaries  | (31,000)                        | (140,000)        |
| Consideration from disposal of subsidiaries   | -                               | 46,246           |
| Net cash inflows from business combination  | -                               | 60,431           |
| Proceeds from disposal of non-current assets or liabilities as held for sale                  | -                               | 265,795          |
| Acquisition of property, plant and equipment  | (8,728)                         | (7,534)          |
| Proceeds from disposal of investment property and property, plant and equipment               | 52                              | 27,116           |
| Decrease (increase) in refundable deposits  | (7,202)                         | 1,632            |
| Acquisition of intangible assets  | (4)                             | (106)            |
| Decrease (increase) in other current assets   | 52,899                          | (9,010)          |
| Decrease (increase) in other non-current assets   | 3,037                           | (3,037)          |
| <b>Net cash inflows (outflows) from investing activities</b>                                  | <u>(128,645)</u>                | <u>136,533</u>   |
| <b>Cash flows from financing activities:</b>  |                                 |                  |
| Increase in short-term borrowings   | 145,943                         | 624,899          |
| Increase in short-term notes and bills payable  | 199,619                         | -                |
| Repayments of long-term borrowings  | (16,742)                        | (16,874)         |
| Decrease in other payables  | -                               | (113,742)        |
| Increase (decrease) in guarantee deposits   | 63                              | (44)             |
| Payments of lease liabilities   | (48,207)                        | (42,511)         |
| Capital reduction   | (56,600)                        | -                |
| Change in non-controlling interests   | -                               | (500)            |
| Cash dividends paid   | (470,894)                       | (470,894)        |
| Dividends to non-controlling interests from subsidiaries                                      | (18,541)                        | (22,914)         |
| Proceeds from the disposal of forfeited funds from employee stock ownership trust             | 54                              | -                |
| <b>Net cash outflows from financing activities</b>  | <u>(265,305)</u>                | <u>(42,580)</u>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                           | 8,500                           | (21,519)         |
| <b>Increase (decrease) in cash and cash equivalents</b>                                       | 110,162                         | (103,633)        |
| <b>Cash and cash equivalents, beginning of period</b>   | 673,911                         | 777,544          |
| <b>Cash and cash equivalents, end of period</b>   | <u>\$ 784,073</u>               | <u>673,911</u>   |

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
 AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

METAAGE CORPORATION (“the Company”), formerly called SYSAGE TECHNOLOGY CO., LTD., was incorporated on April 16, 1998 under the approval of Ministry of Economic Affairs, Republic of China (“R.O.C.”). The Company changed the name to METAAGE CORPORATION in June, 2022. The address of its registered office is 10F, No. 516, Sec. 1, Neihu Rd., Taipei City 114064, Taiwan (R.O.C.). The consolidated financial statements as of December 31, 2022 consist of the Company and its subsidiaries (collectively as “the Group”), and the interests of associates. The Group’s major business activities include distributing and reselling products of software and hardware equipment of ICT Infrastructures from Cisco and other companies, Computing & Data Utilization from IBM, Dell, EMC, and other companies, Digitalization from Oracle and other companies. The Group provides integrated planning for the products it sells, including related services of consulting, education and training as well as research, development of software of information applications, services and sales business, and market research.

The Company had fully acquired COREX (PTY) LTD (“COREX”) from Partner Tech Corporation (“Partner Tech”) by cash on January 4, 2021, and had fully acquired Metaguru Corporation (“Metaguru”) from BenQ Guru Holding Limited (“GSH”) by cash on December 1, 2022. Partner Tech, GSH and the Company have the same ultimate parent, which is Qisda Corporation. The transactions are an organizational reorganization under common control; please refer to Note 6(g) for details.

**(2) Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements were authorized for issuance by the Board of Directors on February 23, 2023.

**(3) New standards, amendments, and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission (“FSC”), R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- (b) The impact of IFRSs issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (c) The impact of IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by IASB, but have yet to be endorsed by the FSC:

| <b>Standards or Interpretations</b>   | <b>Content of amendment</b>  | <b>Effective date per IASB</b> |
|---|--|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br><br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024                |

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

| <u>Standards or Interpretations</u>                          | <u>Content of amendment</u>  | <u>Effective date per IASB</u> |
|--|--|--------------------------------|
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | <p>After reconsidering certain aspects of the 2020 amendments<sup>1</sup>, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p> | January 1, 2024                |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies**

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (“the IFRSs endorsed by the FSC”).

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(iii) Business combinations under common control

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The consolidated financial statements do not recognize the goodwill or the fair value of acquirer's share of the acquiree's interest in the acquiree's identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the consolidated balance sheet, the equity from acquisition record as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated statements of comprehensive income, the profit or loss belong to former controlling shareholders record as "profit (loss), attributable to former owner of business combination under common control".

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its control over the entity.

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement. The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

| Name of investor           | Name of subsidiary  | Principal activity  | Shareholding      |                   | Note       |
|----------------------------|---|---|-------------------|-------------------|------------|
|                            |   |   | December 31, 2022 | December 31, 2021 |            |
| The Company                | EPIC CLOUD CO., LTD. (EPIC CLOUD)                                   | Data software and data processing services                              | 100.00 %          | 100.00 %          |            |
| The Company                | COREX (PTY) LTD (COREX)   | Sale, import and export of electronic products                          | 100.00 %          | 100.00 %          | (Note 1)   |
| The Company                | ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)         | Implementing services of application software                           | 34.09 %           | 34.09 %           | (Note 2)   |
| The Company                | Metaguru Corporation (Metaguru)                                     | R&D and sales of computer information systems                           | 100.00 %          | -                 | % (Note 3) |
| The Company and EPIC CLOUD | GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK) | Trading in hardware and software for network and communications systems | 79.43 %           | 79.43 %           |            |

(Continued)



**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

| Name of investor           | Name of subsidiary                                     | Principal activity   | Shareholding      |                   | Note     |
|----------------------------|--|--|-------------------|-------------------|----------|
|                            |  |  | December 31, 2022 | December 31, 2021 |          |
| The Company and EPIC CLOUD | STATINC COMPANY (STATINC)                              | Market research service, marketing consulting, and big data and cloud database, etc. | 35.01 %           | 35.01 %           | (Note 4) |
| STATINC                    | DKABio Co., Ltd. (DKABio)                              | Market research service, marketing consulting, and big data and cloud database, etc. | 100.00 %          | 100.00 %          | (Note 5) |
| ADVANCEDTEK INTERNATIONAL  | APEO Human Capital Services Corp. (APEO Human Capital) | Applications implementing services   | 100.00 %          | 100.00 %          | (Note 2) |

Note 1: On January 4, 2021, the Company had fully acquired COREX from Parent Tech by cash and obtained control over COREX. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning.

Note 2: The Group holds 34.09% of the voting shares of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, making the Group have control over ADVANCEDTEK INTERNATIONAL; and the group obtained more than half of the total number of directors of the Board in May 2021. Please refer to Note 5.

Note 3: On December 1, 2022, the Group had fully acquired Metaguru from GSH by cash and obtained control over Metaguru. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning. The consolidated financial statements for the year ended December 31, 2021 have been restated for comparison with the financial statements for the year ended December 31, 2022.

Note 4: In February 2021, the Group acquired 35.01% of voting shares of STATINC and owned more than half of the total number of directors; therefore, it is determined that the Group has control over STATINC. Please refer to Note 5.

Note 5: DKABio was established by STATINC in May 2021.

(d) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period ("the reporting date") monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting date; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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(f) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial assets

Accounts receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized derecognized on a trade date and settle date basis.

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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2) Financial assets at fair value through profit or loss

All financial assets not classified as amortized cost or fair value through other comprehensive income (“FVOCI”) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly once it is past due.

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The Group considers a financial asset to be in default when the financial asset is more than 120 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(iii) Derivative financial instruments

Derivatives held for hedging risk exposure to currency and interest rate are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets or disposal groups as held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Group's applicable accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial reports include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group from the date on which significant influence commences until the date on which significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Group's shareholding percentage in the associate, the Group recognizes equity changes attributable to the Group by its shareholding percentage as capital surplus.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated party's interests in the associate.

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When the Group's share of losses of an associate equal or exceed its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

- 1) Buildings and improvements: 50 years
- 2) Office and other equipment: 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the assessment of whether it will have the option to exercise a purchase; or
- there is a change in its assessment of whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease, or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment of low value assets, The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Trademarks and patents: 10years
- 2) Customer relationships and other: 3 to 10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(o) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(p) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Group's major revenues:

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Advance sales receipts are recognized as contract liabilities and are transferred to revenue upon the delivery of goods.

(ii) Services

The Group provides installation and maintenance services on hardware and software. The recognition of the revenue generated was based on the progress towards completing the transaction recognized by the two parties as of the reporting date.

The Group provides services, such as information system management, design, introduction, application customization, consulting and so forth to customers. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from providing services is recognized when services are rendered.

(iii) Market research and survey services

The Group provides services, such as market research and opinion survey. Revenue was recognized when the progress towards complete satisfaction of performance obligations.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

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(iv) License

The licensing revenue of the Group is recognized over time within a fixed license period. If the customers' payments exceed the recognized revenue, a contract liability is recognized.

(v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Group's net obligation in respect of the defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reduction are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs incurred are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interest are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs endorsed by FSC.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss.

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(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is basic on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is basic on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The operating results of all operating segments are regularly reviewed by The Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment has its financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing the consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment of whether the Group has substantive control over its investees

- (a) The Group holds 34.09% of the voting shares and is the sole largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Group has substantive control over ADVANCEDTEK INTERNATIONAL and indirectly control over its subsidiary, APEO Human Capital. Therefore, ADVANCEDTEK INTERNATIONAL and its subsidiary have been included in the Group's consolidated financial statements.
- (b) The Group holds 35.01% of the voting shares and is the sole largest shareholder of STATINC. Although the Group did not own more than half of the voting rights of the company, the Group owns more than half of their total number of directors of the Board; therefore, it is determined that the Group has substantive control over the entity. Hence, the company has been included in the Group's consolidated financial statements.

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- (c) As the single largest shareholder, the Group holds 20.96% of the voting shares of GRANDSYS INC. (“GRANDSYS”). Although the remaining 79.04% shares of GRANDSYS are not concentrated in specific shareholders, the Group still cannot obtain neither more than half the Board of directors of GRANDSYS, nor more than half of the voting rights in the shareholders’ meeting. Therefore, it is determined that the Group would have a significant impact on GRANDSYS.
- (d) As the single largest shareholder, the Group holds 38.01% of the voting shares of UNISAGE DIGITAL CO., LTD. (“UNISAGE”). Although the remaining 61.99% shares of UNISAGE are not concentrated in specific shareholders, the Group still cannot obtain neither more than half of the Board of directors of UNISAGE, nor more than half of the voting rights in the shareholders’ meeting. Therefore, it is determined that the Group would have a significant impact on UNISAGE. In October 2022, UNISAGE completed the process of liquidation. Therefore, it is determined that the Group has no a significant impact on UNISAGE.
- (e) As the single largest shareholder, the Group holds 19.53% of the voting shares of DYNASAFE TECHNOLOGIES, INC. (“DYNASAFE”). Although the remaining 80.47% shares of DYNASAFE are concentrated within specific shareholders, the Group still cannot obtain more than half of the Board of directors of DYNASAFE. Therefore, it is determined that the Group would not have a significant impact on DYNASAFE.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for normal loss, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for the valuation of inventories.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGU, allocate the goodwill to relevant CGU, and estimate the recoverable amount of relevant CGU. Any changes in these estimates base on changed economic conditions or business strategies could result in significant adjustments.

Valuation process

The Group’s accounting policies and disclosure include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Group’s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

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The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: input for the asset or liability is not based on the observable market information.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

|                             | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|-----------------------------|------------------------------|------------------------------|
| Cash on hand and petty cash | \$ 566                       | 442                          |
| Check and demand deposits   | 727,713                      | 619,762                      |
| Time deposits               | 55,794                       | 53,707                       |
|                             | <b>\$ 784,073</b>            | <b>673,911</b>               |

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out in the following table:

|   | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|---|------------------------------|------------------------------|
| <b>Financial assets at fair value through profit or loss:</b> |                              |                              |
| Current:  |                              |                              |
| Pre-purchased forward exchange contracts                      | \$ 623                       | 243                          |
| Non-current:  |                              |                              |
| Foreign and domestic unlisted stocks                          | 280,153                      | 240,694                      |
| Foreign and domestic unlisted equities                        | 230,691                      | 97,602                       |
| <b>Total</b>  | <b>\$ 511,467</b>            | <b>338,539</b>               |

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|  | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|--|------------------------------|------------------------------|
| <b>Financial liabilities at fair value through profit or loss:</b> |                              |                              |
| Current:   |                              |                              |
| Pre-purchased forward exchange contracts                           | \$ (13,930)                  | (2,286)                      |
| Contingent considerations arising from business combinations       | -                            | (5,236)                      |
| Non-current:   |                              |                              |
| Contingent considerations arising from business combinations       | (63,144)                     | (97,986)                     |
| <b>Total</b>   | <b>\$ (77,074)</b>           | <b>(105,508)</b>             |

The above contingent considerations arising from business combinations were generated from the merger of COREX, the Partner Tech's sale and purchase agreement and the related accessory contracts from the prior year, and the merger of STATINC. Under the contingent consideration arrangement, the contingent consideration was estimated by the discounted cash flow method based on the future profitability of each subsidiary.

- (ii) Derivative financial instruments are used to hedge assets or liabilities denominated in foreign currencies for risks arising from exchange rate fluctuations. The following table sets out the Group's derivatives recognized as held-for-trading financial assets and liabilities to which hedging accounting was not applicable:

| <b>Financial instruments</b>             | <b>December 31, 2022</b> |                           |                                 |
|--|--------------------------|---------------------------|---------------------------------|
|  | <b>Nominal amounts</b>   | <b>Maturity period</b>    | <b>Pre-agreed exchange rate</b> |
| Pre-purchased forward exchange contracts |                          |                           |                                 |
| Buy USD/Sell NTD                         | USD 33,350 thousand      | 2023.01.01~<br>2023.04.19 | 30.224~32.045                   |
| Buy USD/Sell ZAR                         | USD 845 thousand         | 2023.01.04~<br>2023.01.27 | 17.100~17.268                   |

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| <u>Financial instruments</u>             | <u>December 31, 2021</u> |                           |                                 |
|--|--------------------------|---------------------------|---------------------------------|
|  | <u>Nominal amounts</u>   | <u>Maturity period</u>    | <u>Pre-agreed exchange rate</u> |
| Pre-purchased forward exchange contracts |                          |                           |                                 |
| Buy USD/Sell NTD                         | USD 14,240 thousand      | 2022.01.01~<br>2022.03.01 | 27.692~27.895                   |
| Buy USD/Sell ZAR                         | USD 1,850 thousand       | 2022.01.20~<br>2022.01.31 | 15.951~15.966                   |
| Buy NTD/Sell RMB                         | RMB 1,000 thousand       | 2022.03.31~<br>2022.04.15 | 4.296                           |

(c) Notes and accounts receivable (including long-term and related parties)

|  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Notes receivable (including long-term)                             | \$ 134,624               | 299,082                  |
| Accounts receivable (including long-term)                          | 2,589,261                | 2,500,740                |
| Accounts receivable due from related parties (including long-term) | 90,015                   | 147,913                  |
| Less: loss allowance   | <u>(26,430)</u>          | <u>(27,844)</u>          |
| Total  | <u>\$ 2,787,470</u>      | <u>2,919,891</u>         |
| Current  | \$ 2,726,648             | 2,819,854                |
| Non-current  | <u>60,822</u>            | <u>100,037</u>           |
| Total  | <u>\$ 2,787,470</u>      | <u>2,919,891</u>         |

(i) The Group did not discount or provide any of the notes and accounts receivable (including long-term and related parties) as collateral. The above-mentioned notes and accounts receivable, whose maturity period were less than one year, were not discounted and their carrying amounts were presumed to approximate their fair value.

(ii) Non-current notes and accounts receivable mainly arose from installment sales.

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- (iii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward-looking information. The analysis of ECL on notes and accounts receivable was as follows:

|                             | <b>December 31, 2022</b>   |  |   |
|-----------------------------|--|--|---|
|                             | <b>Gross carry<br/>amount of notes<br/>and accounts<br/>receivable</b> | <b>Weighted-<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>for lifetime<br/>expected credit<br/>losses</b> |
| Current                     | \$ 2,699,590   | 0.07%                                      | 1,884   |
| 1 to 30 days past due       | 51,837   | 3.34%                                      | 1,730   |
| 31 to 60 days past due      | 25,219   | 10.71%                                     | 2,701   |
| 61 to 90 days past due      | 2,425  | 24.29%                                     | 589   |
| 91 to 120 days past due     | 2,098  | 34.46%                                     | 723   |
| More than 121 days past due | 32,731   | 57.45%                                     | 18,803  |
|                             | <b>\$ 2,813,900</b>  |  | <b>26,430</b>   |
|                             | <b>December 31, 2021</b>   |  |   |
|                             | <b>Gross carry<br/>amount of notes<br/>and accounts<br/>receivable</b> | <b>Weighted-<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>for lifetime<br/>expected credit<br/>losses</b> |
| Current                     | \$ 2,821,332   | 0.11%                                      | 3,229   |
| 1 to 30 days past due       | 60,642   | 1.88%                                      | 1,141   |
| 31 to 60 days past due      | 19,679   | 9.36%                                      | 1,842   |
| 61 to 90 days past due      | 2,516  | 15.82%                                     | 398   |
| 91 to 120 days past due     | 2,889  | 49.84%                                     | 1,440   |
| More than 121 days past due | 40,677   | 48.66%                                     | 19,794  |
|                             | <b>\$ 2,947,735</b>  |  | <b>27,844</b>   |

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- (iv) The movements in the loss allowance for notes and accounts receivable (including long-term and related parties) were as follows:

|   | <b>For the years ended December 31</b> |               |
|---|--|---------------|
|   | <b>2022</b>                            | <b>2021</b>   |
| Beginning balance                                 | \$ 27,844                              | 47,333        |
| Acquisition                                       | -                                      | 162           |
| Impairment losses (reversal of impairment loss)   | 49                                     | (13,378)      |
| Write-offs of uncollectible amount for the period | (18)                                   | -             |
| Transferred to other receivables                  | (194)                                  | (5,815)       |
| Effects of exchange rate changes                  | (1,251)                                | (458)         |
| Ending balance                                    | <b>\$ 26,430</b>                       | <b>27,844</b> |

- (d) Other receivables

|                      | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|----------------------|------------------------------|------------------------------|
| Other receivables    | \$ 2,656                     | 21,466                       |
| Less: loss allowance | (1,563)                      | (19,641)                     |
|                      | <b>\$ 1,093</b>              | <b>1,825</b>                 |

- (i) As of December 31, 2022 and 2021, there was no other receivables that was past due but not impaired.
- (ii) The movements in the loss allowance for other receivables were as follows:

|   | <b>For the years ended December 31</b> |               |
|---|--|---------------|
|   | <b>2022</b>                            | <b>2021</b>   |
| Beginning balance                                 | \$ 19,641                              | 16,927        |
| Write-offs of uncollectible amount for the period | (18,272)                               | (3,101)       |
| Transferred from accounts receivable              | 194                                    | 5,815         |
| Ending balance                                    | <b>\$ 1,563</b>                        | <b>19,641</b> |

- (e) Inventories

|                       | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|-----------------------|------------------------------|------------------------------|
| Merchandise inventory | <b>\$ 3,429,498</b>          | <b>2,858,682</b>             |

For the years ended December 31, 2022 and 2021, due to the write-down of inventories to net realizable value, a reversal gain of \$35,217 thousand and a loss of \$1,098 thousand on the decline in value of inventories, respectively, were recognized and reported as operating costs.

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For the years ended December 31, 2022 and 2021, loss on scrap of inventories amounted to \$43,161 thousand and \$0 thousand, respectively.

- (f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

|            | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|------------|------------------------------|------------------------------|
| Associates | <b>\$ 115,854</b>            | <b>110,312</b>               |

- (i) As of February 1, 2021, the Group acquired 500 thousand shares of Everlasting Digital ESG Co., Ltd. (29.41% of ownership) by \$5,000 thousand of cash. The price had been fully paid up.
- (ii) The Group's shareholding in ADVANCEDTEK INTERNATIONAL is 34.09%. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Group has substantive control over ADVANCEDTEK INTERNATIONAL. Therefore, it has been included in the Group's consolidated financial statements; and the Group obtained more than half of the total number of directors of the Board in May 2021; please refer to Note 6(g) for details.
- (iii) In December 2021, GRANDSYS issued 1,913 thousand shares to be exercised as employee stock options, resulting in the Group's shareholding in GRANDSYS to decrease from 23.58% to 21.84%, and the Group's capital surplus to increase by \$158 thousand due to the change in equity. In February and April 2022, GRANDSYS issued 925 thousand and 162 thousand new shares, respectively, to be exercised as employee stock options. Resulting the Group's shareholding in GRANDSYS to decrease from 21.84% to 20.96%, and the Group's capital surplus to increase by \$73 thousand due to the change in equity.
- (iv) Aggregate financial information of associates for using equity method that were not individually material was summarized as follows. The financial information was included in the Group's consolidated financial statements.

|                                   | <b>For the years ended December 31</b> |              |
|-----------------------------------|--|--------------|
|                                   | <b>2022</b>                            | <b>2021</b>  |
| <b>Attributable to the Group:</b> |  |              |
| Profit                            | \$ 6,185                               | 3,839        |
| Other comprehensive income        | (136)                                  | 349          |
| Total comprehensive income        | <b>\$ 6,049</b>                        | <b>4,188</b> |

- (v) As of December 31, 2022 and 2021, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.

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(g) Business combinations

(i) Acquisition of the subsidiary-Metaguru

1) Acquisition of consideration transferred of the subsidiary

On December 1, 2022, the Group acquired 100% ownership of Metaguru amounting \$31,000 thousand from GSH, and obtained control over Metaguru. Therefore, Metaguru has been included in the Group's consolidated financial statement from December 1, 2022. Metaguru is primarily engaged in providing software services and electronic information supply services. The Group acquired Metaguru to expand new customers through Metaguru's channel, and provide customers with more complete information system software, hardware and cloud product integration services.

2) Identifiable net assets acquired

The following table summarized the carrying amount of Metaguru's identifiable assets acquired and liabilities assumed recognized at December 1, 2022:

**Consideration transferred:**

|      |    |        |
|------|----|--------|
| Cash | \$ | 31,000 |
|------|----|--------|

**Carrying amounts of identifiable assets and liabilities acquired:**

|   |    |                     |
|---|----|---------------------|
| Cash and cash equivalents                                 | \$ | 25,325              |
| Notes and accounts receivable (including related parties) |    | 8,438               |
| Prepayments   |    | 7                   |
| Other current assets                                      |    | 388                 |
| Other non-current assets                                  |    | 5,875               |
| Contract liabilities                                      |    | (7,011)             |
| Notes and accounts payable                                |    | (2,839)             |
| Other payables  |    | (2,057)             |
| Other current liabilities                                 |    | (425)               |
|   |    | <u>27,701</u>       |
| Capital surplus   | \$ | <u><u>3,299</u></u> |

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of Metaguru is debited to the capital surplus of \$3,299 thousand.

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(ii) Acquisition of the subsidiary-COREX

1) Acquisition of consideration transferred of the subsidiary

On January 4, 2021, the Group acquired 100% ownership of COREX amounting \$140,000 thousand from Partner Tech, and obtained control over COREX. Therefore, COREX has been included in the Group's consolidated financial statement from January 4, 2021. COREX is primarily engaged in the sale of computer peripherals. The Group acquired COREX for its business and customers and expend its marketing channel in Africa.

In addition, the equity sale and purchase agreement and the Partner Tech's sale and purchase agreement, as well as the related accessory contracts from the prior year, were as follows:

- a) The sales unit of COREX, POS, merged with COREX due to business restructuring in February 2019. If the company makes a profit between June 1, 2018, and December 31, 2022, the amount paid to sellers of POS shall be calculated based on profit after tax for each year multiplied by 54% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement.
- b) If the company makes a profit between November 1, 2018 and December 31, 2023, the amount paid to sellers shall be calculated based on profit before tax for each year multiplied by 50% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, the Group shall decide whether to extend the period to December 31, 2025. The above-mentioned profit before income tax of each year is not included profit before tax from POS sales unit.

Under the contingent consideration arrangement, the Group estimated the contingent consideration based on discounted cash flow method. As of acquisition date, the future potential amount of the contingent payment that the Group has to pay amounted to \$81,231 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

The above agreement was revised in December 2021 as follows:

If the company makes a profit between May 31, 2018 and December 31, 2023, the amount paid in ZAR to sellers each year shall be calculated based on profit before tax for offsetting the accumulated losses from prior years, multiplied by 50% in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, both companies will extend the period to December 31, 2025.

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2) Identifiable net assets acquired

The following table summarized the carrying amount of COREX's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

**Consideration transferred:**

|   |    |         |
|---|----|---------|
| Cash  | \$ | 140,000 |
| Fair value of contingent considerations transferred |    | 81,231  |

**Carrying amounts of identifiable assets and liabilities acquired:**

|   |    |                      |
|---|----|----------------------|
| Cash and cash equivalents                                     | \$ | 30,976               |
| Current financial assets at fair value through profit or loss |    | 101                  |
| Notes and accounts receivable (including related parties)     |    | 74,041               |
| Inventories   |    | 106,499              |
| Prepayments   |    | 34,255               |
| Other current assets  |    | 17,741               |
| Property, plant and equipment                                 |    | 4,027                |
| Right-of-use assets   |    | 16,629               |
| Intangible assets   |    | 117,304              |
| Other non-current assets                                      |    | 15,004               |
| Short-term borrowings   |    | (84,759)             |
| Contract liabilities  |    | (4,323)              |
| Notes and accounts payable                                    |    | (22,376)             |
| Other payables  |    | (117,837)            |
| Current lease liabilities                                     |    | (8,462)              |
| Other current liabilities                                     |    | (2,584)              |
| Non-current lease liabilities                                 |    | (11,384)             |
| Other non-current liabilities                                 |    | (1,252)              |
|   |    | <u>163,600</u>       |
| Capital surplus   | \$ | <u><u>57,631</u></u> |

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of COREX is debited to the capital surplus of \$57,631 thousand.

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(iii) Acquisition of the subsidiary-STATINC

1) Acquisition of consideration transferred of the subsidiary

On February 4, 2021, the Group obtained 251 thousand ordinary shares from original shareholders from STATINC for \$10,013 thousand. Furthermore, the Group subscribed 1,504 thousand preferred shares of STATINC for \$60,010 thousand and obtained 35.01% of voting shares. The Group became the largest shareholder and had more than half directors of the Board; therefore, the Group has control over the company, and STATINC has been included in the Group's consolidated financial statement from the acquisition date. STATINC is primarily provide services for enterprises such as market research, marketing consulting, and cloud database of Big data. The Group acquired STATINC for improving the software and hardware business of the Group and increase the enterprise's value in finance and medical services.

In addition, according to the equity investment agreement, the former preferred stocks shall not be allowed to participate in the distribution of surplus in the three years preceding their holding and shall be forcibly converted into ordinary shares in proportion to one share after three years of holding. Under the contingent consideration arrangement, the Group estimated the contingent consideration based on discounted cash flow method and the shareholding ratio of 35.01%. As of acquisition date, the future potential amount of the contingent payment that the Group has to pay amounted to \$23,298 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired

The following table summarized the fair value of STATINC' s identifiable assets acquired and liabilities assumed recognized at February 4, 2021:

**Consideration transferred:**

|   |    |        |
|---|----|--------|
| Cash  | \$ | 70,023 |
| Non-controlling interests                           |    | 81,123 |
| Fair value of contingent considerations transferred |    | 23,298 |

**Fair value of identifiable assets and liabilities assumed:**

|                                    |    |                        |
|------------------------------------|----|------------------------|
| Cash and cash equivalents          | \$ | 86,330                 |
| Current contract assets            |    | 13,972                 |
| Notes and accounts receivable, net |    | 9,717                  |
| Prepayments                        |    | 2,199                  |
| Other current assets               |    | 322                    |
| Property, plant and equipment      |    | 1,056                  |
| Right-of-use assets                |    | 1,675                  |
| Intangible assets                  |    | 35,216                 |
| Deferred income tax assets         |    | 1,849                  |
| Other non-current assets           |    | 7,747                  |
| Short-term borrowings              |    | (6,000)                |
| Notes and accounts payable         |    | (2,669)                |
| Other payables                     |    | (12,574)               |
| Current lease liabilities          |    | (1,706)                |
| Other current liabilities          |    | (5,275)                |
| Other non-current liabilities      |    | (1,402) <u>130,457</u> |
| Goodwill                           | \$ | <u><u>43,987</u></u>   |

3) Intangible assets

Intangible assets are customer relationships, trademarks, patents and others. These are amortized on a straight-line basis over the estimated future economic useful life of 5.9 years, 10 years, 10 years, and 10 years, respectively.

Goodwill arising from the acquisition of STATINC is due to the control premium, the synergies of the combination, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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(iv) Acquisition of the subsidiary-ADVANCEDTEK INTERNATIONAL and its subsidiaries

1) Acquisition of the subsidiary

The Group holds 34.09% of the voting shares and is the largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. The Group had control over ADVANCEDTEK INTERNATIONAL and its subsidiaries; therefore, they had been included in the Group's consolidated financial statements. In May 2021, the Group obtained more than half of the total number of directors of the Board. ADVANCEDTEK INTERNATIONAL mainly provides integrated service for domestic ERP systems and related consulting services of Oracle. The main activities included the sale consulting services of ERP and related systems. The Group expends its information-related consultancy service for strategic investment.

2) Identifiable net assets acquired

The following table summarized the fair value of ADVANCEDTEK INTERNATIONAL's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

**Consideration transferred:**

|   |    |        |
|---|----|--------|
| Fair value of pre-existing interest in the acquiree | \$ | 32,120 |
| Non-controlling interests                           |    | 38,578 |

**Fair value of identifiable assets and liabilities assumed:**

|                                    |    |                      |
|------------------------------------|----|----------------------|
| Cash and cash equivalents          | \$ | 44,124               |
| Notes and accounts receivable, net |    | 46,556               |
| Prepayments                        |    | 11,155               |
| Other current assets               |    | 691                  |
| Property, plant and equipment      |    | 630                  |
| Right-of-use assets                |    | 21,185               |
| Intangible assets                  |    | 44                   |
| Other non-current assets           |    | 11,985               |
| Contract liability                 |    | (35,974)             |
| Notes and accounts payable         |    | (9,434)              |
| Other payables                     |    | (11,088)             |
| Current lease liabilities          |    | (5,423)              |
| Non-current lease liabilities      |    | (15,884)             |
|                                    |    | <u>58,567</u>        |
| Goodwill                           | \$ | <u><u>12,131</u></u> |

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

3) Intangible assets

Goodwill arising from its profitability, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

(h) Changes in ownership interest in a subsidiary

On March 2, 2021, the Group subscribed 4,000 thousand shares of EPIC CLOUD for \$40,000 thousand. On March 29, 2021, the Group paid \$500 thousand for 50 thousand shares from the original shareholders. Therefore, the Group's shareholding ratio increased to 100%, and capital surplus decreased by \$440 thousand due to changes in equity.

(i) Loss control of subsidiaries

(i) Disposal of subsidiary-NEO TREND TECH

On February 26, 2021, the Group sold all shares of its subsidiary, NEO TREND TECH, approved by the Chairman. The contract of purchase and sale of shares had been signed, and disposal-related matters had been completed. Therefore, the Group had lost control over the company. The disposal price was \$50,000 thousand, and the gain amounting to \$20,696 thousand was recorded as other gains and losses.

1) Consideration received

|  |                  |
|--|------------------|
| Total consideration received                       | \$ 50,000        |
| Expenditure associated with consideration received | <u>(150)</u>     |
| Net consideration received                         | <u>\$ 49,850</u> |

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired of NEO TREND TECH

|   |    |                  |
|---|----|------------------|
| Cash and cash equivalents                                     | \$ | 3,604            |
| Current financial assets at fair value through profit or loss |    | 23,017           |
| Notes and accounts receivable, net                            |    | 29               |
| Inventories   |    | 50               |
| Other current assets  |    | 1,221            |
| Right-of-use assets   |    | 20,809           |
| Other non-current assets                                      |    | 1,837            |
| Notes and accounts payable                                    |    | (108)            |
| Accrued expenses  |    | (3,860)          |
| Current lease liabilities                                     |    | (4,065)          |
| Non-current lease liabilities                                 |    | (13,380)         |
|   |    | <u>\$ 29,154</u> |

(ii) Disposal of the subsidiary-DAWNING TECHNOLOGY

On November 5, 2020, the Company, pursuant to a resolution of the Board, approved a change in the shareholding in its subsidiary, DAWNING TECHNOLOGY. On January 4, 2021, the Company entered into an agreement and completed the sale of the shares; therefore, losing control over DAWNING TECHNOLOGY. The disposal price was \$266,595 thousand, and the gain amounting to \$84,232 thousand was recorded as other gains and losses; the details are as follows:

1) Consideration received

|  |    |                   |
|--|----|-------------------|
| Total consideration received                       | \$ | 266,595           |
| Expenditure associated with consideration received |    | (800)             |
| Net consideration received                         |    | <u>\$ 265,795</u> |

(Continued)



**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

2) Identifiable net assets of DAWNING TECHNOLOGY

**Non-current assets held for sale**

|                                    |    |         |
|------------------------------------|----|---------|
| Cash and cash equivalents          | \$ | 107,704 |
| Inventories                        |    | 177,319 |
| Notes and accounts receivable, net |    | 423,595 |
| Prepayments                        |    | 1,546   |
| Other current assets               |    | 5,773   |
| Property, plant and equipment      |    | 9,315   |
| Right-of-use assets                |    | 33,630  |
| Deferred income tax assets         |    | 8,683   |
| Other non-current assets           |    | 3,044   |

**Liabilities directly associated with non-current assets held for sale**

|  |  |                   |
|--|--|-------------------|
| Short-term borrowings  |  | (43,022)          |
| Current financial liabilities at fair value through profit or loss |  | (330)             |
| Contract liabilities   |  | (3,050)           |
| Notes and accounts payable   |  | (230,008)         |
| Other payables   |  | (51,564)          |
| Current and non-current lease liabilities                          |  | (22,609)          |
| Advance receipts   |  | (6,907)           |
| Other current liabilities  |  | (582)             |
| Other non-current liabilities                                      |  | (135)             |
|  |  | 412,402           |
| Non-controlling interests  |  | (227,162)         |
| Receivables between the Group                                      |  | (3,677)           |
|  |  | <u>\$ 181,563</u> |

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

(j) Property, plant and equipment

Information about the movement of costs and accumulated depreciation of property, plant and equipment was presented below:

|  | <u>Land</u>       | <u>Building and<br/>improvements</u> | <u>Office and<br/>other<br/>equipment</u> | <u>Total</u>     |
|--|-------------------|--------------------------------------|---|------------------|
| <b>Cost:</b>                             |                   |                                      |   |                  |
| Balance on January 1, 2022               | \$ 587,346        | 374,891                              | 192,718                                   | 1,154,955        |
| Additions                                | -                 | -                                    | 8,728                                     | 8,728            |
| Disposal                                 | -                 | -                                    | (28,076)                                  | (28,076)         |
| Transferred from inventories             | -                 | -                                    | 11,667                                    | 11,667           |
| Effects of exchange rate changes         | -                 | -                                    | 1,183                                     | 1,183            |
| Balance on December 31, 2022             | <u>\$ 587,346</u> | <u>374,891</u>                       | <u>186,220</u>                            | <u>1,148,457</u> |
| Balance on January 1, 2021               | \$ 589,896        | 375,930                              | 210,964                                   | 1,176,790        |
| Acquisition through business combination | -                 | -                                    | 19,133                                    | 19,133           |
| Additions                                | -                 | -                                    | 7,534                                     | 7,534            |
| Disposal                                 | (2,550)           | (1,039)                              | (57,567)                                  | (61,156)         |
| Transferred from inventories             | -                 | -                                    | 15,712                                    | 15,712           |
| Effects of exchange rate changes         | -                 | -                                    | (3,058)                                   | (3,058)          |
| Balance on December 31, 2021             | <u>\$ 587,346</u> | <u>374,891</u>                       | <u>192,718</u>                            | <u>1,154,955</u> |
| <b>Accumulated depreciation:</b>         |                   |                                      |   |                  |
| Balance on January 1, 2022               | \$ -              | 77,617                               | 133,874                                   | 211,491          |
| Acquisition through business combination | -                 | -                                    | -   | -                |
| Depreciation                             | -                 | 7,435                                | 30,124                                    | 37,559           |
| Disposal                                 | -                 | -                                    | (28,076)                                  | (28,076)         |
| Effects of exchange rate changes         | -                 | -                                    | 1,050                                     | 1,050            |
| Balance on December 31, 2022             | <u>\$ -</u>       | <u>85,052</u>                        | <u>136,972</u>                            | <u>222,024</u>   |

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**Notes to the Consolidated Financial Statements**

|  | <u>Land</u>       | <u>Building and<br/>improvements</u> | <u>Office and<br/>other<br/>equipment</u> | <u>Total</u>   |
|--|-------------------|--------------------------------------|---|----------------|
| Balance on January 1, 2021               | \$ -              | 70,384                               | 147,876                                   | 218,260        |
| Acquisition through business combination | -                 | -                                    | 17,447                                    | 17,447         |
| Depreciation                             | -                 | 7,450                                | 28,304                                    | 35,754         |
| Disposal                                 | -                 | (217)                                | (56,996)                                  | (57,213)       |
| Effects of exchange rate changes         | -                 | -                                    | (2,757)                                   | (2,757)        |
| Balance on December 31, 2021             | <u>\$ -</u>       | <u>77,617</u>                        | <u>133,874</u>                            | <u>211,491</u> |
| <b>Carrying amount:</b>                  |                   |                                      |   |                |
| December 31, 2022                        | <u>\$ 587,346</u> | <u>289,839</u>                       | <u>49,248</u>                             | <u>926,433</u> |
| December 31, 2021                        | <u>\$ 587,346</u> | <u>297,274</u>                       | <u>58,844</u>                             | <u>943,464</u> |
| January 1, 2021                          | <u>\$ 589,896</u> | <u>305,546</u>                       | <u>63,088</u>                             | <u>958,530</u> |

- (i) In September 2021, the Group disposed its real estate of Kaohsiung Shi Zheng Zong Cai Building (including investment property) at the amount of \$27,488 thousand (tax excluded), which had been fully received, based on a resolution approved during the board meeting, resulting in a gain on disposal of \$10,123 thousand (including the deduction from necessary expenses amounting to \$1,082 thousand) to be recognized as gains on disposal of investment property and property, plant and equipment.
- (ii) The Group identified its property, plant, and equipment from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February 2021. Please refer to Note 6(g) for details.
- (iii) As of December 31, 2022 and 2021, property, plant, and equipment were pledged as collateral for short-term and long-term borrowings, please refer to Note 8.
- (k) Right-of-use assets

Information about the movement of costs and accumulated depreciation of leases for which the Group as a lessee was presented below:

|                                  | <u>Buildings</u>  | <u>Others</u> | <u>Total</u>   |
|----------------------------------|-------------------|---------------|----------------|
| <b>Cost:</b>                     |                   |               |                |
| Balance on January 1, 2022       | \$ 293,172        | 6,167         | 299,339        |
| Additions                        | 24,844            | 3,433         | 28,277         |
| Decrease                         | (1,399)           | (3,245)       | (4,644)        |
| Effects of exchange rate changes | 1,463             | 444           | 1,907          |
| Balance on December 31, 2022     | <u>\$ 318,080</u> | <u>6,799</u>  | <u>324,879</u> |

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**Notes to the Consolidated Financial Statements**

|                                  | <u>Buildings</u>  | <u>Others</u> | <u>Total</u>   |
|----------------------------------|-------------------|---------------|----------------|
| Balance on January 1, 2021       | \$ 282,279        | 5,475         | 287,754        |
| Acquisition                      | 34,920            | -             | 34,920         |
| Additions                        | 34,109            | 1,461         | 35,570         |
| Derecognized of the subsidiary   | (24,416)          | -             | (24,416)       |
| Decrease                         | (30,178)          | (61)          | (30,239)       |
| Effects of exchange rate changes | (3,542)           | (708)         | (4,250)        |
| Balance on December 31, 2021     | <u>\$ 293,172</u> | <u>6,167</u>  | <u>299,339</u> |
| <b>Accumulated depreciation:</b> |                   |               |                |
| Balance on January 1, 2022       | \$ 107,001        | 3,631         | 110,632        |
| Depreciation                     | 46,032            | 1,483         | 47,515         |
| Decrease                         | (746)             | (3,245)       | (3,991)        |
| Effects of exchange rate changes | 787               | 229           | 1,016          |
| Balance on December 31, 2022     | <u>\$ 153,074</u> | <u>2,098</u>  | <u>155,172</u> |
| Balance on January 1, 2021       | \$ 83,023         | 2,390         | 85,413         |
| Acquisition                      | 12,060            | -             | 12,060         |
| Depreciation                     | 41,498            | 1,699         | 43,197         |
| Derecognized of the subsidiary   | (3,607)           | -             | (3,607)        |
| Decrease                         | (23,699)          | (61)          | (23,760)       |
| Effects of exchange rate changes | (2,274)           | (397)         | (2,671)        |
| Balance on December 31, 2021     | <u>\$ 107,001</u> | <u>3,631</u>  | <u>110,632</u> |
| <b>Carrying amount:</b>          |                   |               |                |
| December 31, 2022                | <u>\$ 165,006</u> | <u>4,701</u>  | <u>169,707</u> |
| December 31, 2021                | <u>\$ 186,171</u> | <u>2,536</u>  | <u>188,707</u> |
| January 1, 2021                  | <u>\$ 199,256</u> | <u>3,085</u>  | <u>202,341</u> |

- (i) The Group identified its right-of-use assets from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February, 2021. Please refer to Note 6(g) for details.
- (ii) The Group derecognized right-of-use assets because of losing control over NEO TREND TECH in February 2021. Please refer to Note 6(i) for details.

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**Notes to the Consolidated Financial Statements**

(l) Investment property

|  | <u>Land</u> | <u>Buildings</u> | <u>Total</u> |
|--|-------------|------------------|--------------|
| <b>Cost:</b>   |             |                  |              |
| Balance on January 1, 2022<br>(Balance on December 31, 2022) | \$ -        | -                | -            |
| Balance on January 1, 2021                                   | \$ 9,763    | 3,976            | 13,739       |
| Disposal   | (9,763)     | (3,976)          | (13,739)     |
| Balance on December 31, 2021                                 | \$ -        | -                | -            |
| <b>Accumulated depreciation:</b>                             |             |                  |              |
| Balance on January 1, 2022<br>(Balance on December 31, 2022) | \$ -        | -                | -            |
| Balance on January 1, 2021                                   | \$ -        | 769              | 769          |
| Depreciation   | -           | 59               | 59           |
| Disposal   | -           | (828)            | (828)        |
| Balance on December 31, 2021                                 | \$ -        | -                | -            |
| <b>Carrying amount:</b>                                      |             |                  |              |
| December 31, 2022  | \$ -        | -                | -            |
| December 31, 2021  | \$ -        | -                | -            |
| January 1, 2021  | \$ 9,763    | 3,207            | 12,970       |
| <b>Fair value:</b>   |             |                  |              |
| December 31, 2022  |             |                  | \$ -         |
| December 31, 2021  |             |                  | \$ -         |

In September 2021, the Group disposed its real estate of Kaohsiung Shi Zheng Zong Cai Building (including investment property) based on the resolution approved during the board meeting; please refer to Note 6(j) for details.

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(m) Intangible assets

Information about the costs and accumulated impairment losses and amortization of intangible asset was presented below:

|  | <u>Goodwill</u>   | <u>Patents and<br/>trademarks</u> | <u>Customer<br/>relationships</u> | <u>Others</u> | <u>Total</u>   |
|--|-------------------|-----------------------------------|-----------------------------------|---------------|----------------|
| <b>Cost:</b>   |                   |                                   |                                   |               |                |
| Balance on January 1, 2022                               | \$ 160,041        | 5,490                             | 7,959                             | 31,458        | 204,948        |
| Additions  | -                 | -                                 | -                                 | 4             | 4              |
| Disposal   | -                 | -                                 | -                                 | (3,203)       | (3,203)        |
| Effects of exchange rate changes                         | 4,464             | -                                 | 275                               | -             | 4,739          |
| Balance on December 31, 2022                             | <u>\$ 164,505</u> | <u>5,490</u>                      | <u>8,234</u>                      | <u>28,259</u> | <u>206,488</u> |
| Balance on January 1, 2021                               | \$ 115,515        | -                                 | 6,856                             | 3,203         | 125,574        |
| Additions  | -                 | -                                 | -                                 | 106           | 106            |
| Acquisition  | 56,118            | 5,521                             | 1,827                             | 28,149        | 91,615         |
| Disposal   | -                 | (31)                              | -                                 | -             | (31)           |
| Effects of exchange rate changes                         | (11,592)          | -                                 | (724)                             | -             | (12,316)       |
| Balance on December 31, 2021                             | <u>\$ 160,041</u> | <u>5,490</u>                      | <u>7,959</u>                      | <u>31,458</u> | <u>204,948</u> |
| <b>Accumulated impairment loss<br/>and amortization:</b> |                   |                                   |                                   |               |                |
| Balance on January 1, 2022                               | \$ 1,966          | 478                               | 4,195                             | 6,066         | 12,705         |
| Amortization   | -                 | 552                               | 1,821                             | 2,863         | 5,236          |
| Disposal   | -                 | -                                 | -                                 | (3,203)       | (3,203)        |
| Effects of exchange rate changes                         | -                 | -                                 | (148)                             | -             | (148)          |
| Balance on December 31, 2022                             | <u>\$ 1,966</u>   | <u>1,030</u>                      | <u>5,868</u>                      | <u>5,726</u>  | <u>14,590</u>  |
| Balance on January 1, 2021                               | \$ 1,966          | -                                 | 3,101                             | 3,203         | 8,270          |
| Acquisition  | -                 | 3                                 | -                                 | 234           | 237            |
| Amortization   | -                 | 506                               | 1,795                             | 2,629         | 4,930          |
| Disposal   | -                 | (31)                              | -                                 | -             | (31)           |
| Effects of exchange rate changes                         | -                 | -                                 | (701)                             | -             | (701)          |
| Balance on December 31, 2021                             | <u>\$ 1,966</u>   | <u>478</u>                        | <u>4,195</u>                      | <u>6,066</u>  | <u>12,705</u>  |
| <b>Carrying amount:</b>                                  |                   |                                   |                                   |               |                |
| December 31, 2022  | <u>\$ 162,539</u> | <u>4,460</u>                      | <u>2,366</u>                      | <u>22,533</u> | <u>191,898</u> |
| December 31, 2021  | <u>\$ 158,075</u> | <u>5,012</u>                      | <u>3,764</u>                      | <u>25,392</u> | <u>192,243</u> |
| January 1, 2021  | <u>\$ 113,549</u> | <u>-</u>                          | <u>3,755</u>                      | <u>-</u>      | <u>117,304</u> |

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(i) Impairment test on goodwill

The Group evaluated the recoverable amounts of its goodwill, which is based on its value-in-use, for impairment testing at the reporting date. The calculation of value in use is based on the cash flows of the financial forecast for the next three to four years as estimated by the management based on the future operation plan, and is calculated using the annual discount rates of 8.81% to 18.35% and 8.19% to 14.75% on December 31, 2022 and 2021, respectively, to reflect the specific risks of the related CGU.

(ii) The Group identified its intangible assets from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February, 2021. Please refer to Note 6(g) for details.

(iii) As of December 31, 2022 and 2021, none of the intangible assets was pledged as collateral.

(n) Short-term borrowings

(i) The details of the Group's short-term borrowings were as follows:

|  | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|--|------------------------------|------------------------------|
| Unsecured bank loans                         | \$ 1,291,601                 | 1,045,658                    |
| Secured bank loans                           | -                            | 100,000                      |
|  | <b>\$ 1,291,601</b>          | <b>1,145,658</b>             |
| Range of interest rates at the end of period | <b>1.50%~9.70%</b>           | <b>0.80%~6.45%</b>           |

(ii) For the collateral for bank loans, please refer to Note 8.

(o) Short-term notes and bills payable

(i) As of December 31, 2021, there were no short-term notes and bills payable. As of December 31, 2022, the short-term notes and bills payable were summarized as follows:

|  | <b>December 31, 2022</b>                           |                            |  |                   |
|--|--|----------------------------|--|-------------------|
|  | <b>Guarantee or<br/>acceptance<br/>institution</b> | <b>Contract<br/>period</b> | <b>Range of<br/>interest rates<br/>(%)</b> | <b>Amount</b>     |
| Commercial papers payable                            | DAH CHUNG<br>BILLS FINANCE<br>CORP.                | 2022.12~<br>2023.02        | 1.79%                                      | \$ 200,000        |
| Less: Discount on short-term notes and bills payable |  |                            |  | (381)             |
| Total  |  |                            |  | <b>\$ 199,619</b> |

(ii) The Group has not pledged any assets as collateral to guarantee the payment of short-term notes and bills payable.

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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(p) Long-term borrowings

(i) The details of the Group's long-term borrowings were as follows:

| <b>December 31, 2022</b> |                 |                                    |                        |                   |
|--------------------------|-----------------|------------------------------------|------------------------|-------------------|
|                          | <b>Currency</b> | <b>Range of<br/>interest rates</b> | <b>Maturity period</b> | <b>Amount</b>     |
| Secured bank loans       | NTD             | 1.60%~1.83%                        | 2023.01~2039.03        | \$ 276,881        |
| Less: current portion    |                 |                                    |                        | (16,627)          |
| Total                    |                 |                                    |                        | <u>\$ 260,254</u> |
| Unused credit lines      |                 |                                    |                        | <u>\$ -</u>       |
| <b>December 31, 2021</b> |                 |                                    |                        |                   |
|                          | <b>Currency</b> | <b>Range of<br/>interest rates</b> | <b>Maturity period</b> | <b>Amount</b>     |
| Secured bank loans       | NTD             | 1.10%~1.21%                        | 2022.01~2039.03        | \$ 293,623        |
| Less: current portion    |                 |                                    |                        | (17,037)          |
| Total                    |                 |                                    |                        | <u>\$ 276,586</u> |
| Unused credit lines      |                 |                                    |                        | <u>\$ -</u>       |

(ii) For the collateral for bank loans, please refer to Note 8.

(q) Lease liabilities

(i) The carrying amounts of the Group's lease liabilities were as follows:

|             | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|-------------|------------------------------|------------------------------|
| Current     | \$ 43,564                    | 42,065                       |
| Non-current | 131,241                      | 152,384                      |
|             | <u>\$ 174,805</u>            | <u>194,449</u>               |

(ii) The amounts recognized in profit or loss were as follows:

|   | <b>For the years ended December 31</b> |              |
|---|--|--------------|
|   | <b>2022</b>                            | <b>2021</b>  |
| Interest on lease liabilities               | <u>\$ 3,221</u>                        | <u>3,590</u> |
| Income from sub-leasing right-of-use assets | <u>\$ 1,139</u>                        | <u>1,819</u> |
| Gains on lease modifications                | <u>\$ 65</u>                           | <u>-</u>     |

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**Notes to the Consolidated Financial Statements**

(iii) The amounts recognized in the statements of cash flows of the Group were as follows:

|   | <b>For the years ended December 31</b> |                 |
|---|--|-----------------|
|   | <b>2022</b>                            | <b>2021</b>     |
| Interest payments for lease liabilities in operating activities | \$ (3,221)                             | (3,590)         |
| Payments of lease liabilities in financing activities           | (48,207)                               | (42,511)        |
| Total cash outflow for leases                                   | <b>\$ (51,428)</b>                     | <b>(46,101)</b> |

(iv) Real estate leases

The Group leases buildings for its office and warehouse space. The leases typically run for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(v) For the Group's leased right-of-use assets under operating leases, please refer to Note 6(r).

(r) Operating leases

The Group leases out its right-of-use assets and investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Notes 6(k) and (l).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

|                    | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|--------------------|------------------------------|------------------------------|
| Less than one year | \$ 1,139                     | 4,730                        |
| 1 to 2 years       | 1,159                        | 1,139                        |
| 2 to 3 years       | 1,174                        | 1,159                        |
| 3 to 4 years       | 1,174                        | 1,174                        |
| 4 to 5 years       | 1,174                        | 1,174                        |
| More than 5 years  | 391                          | 1,565                        |
|                    | <b>\$ 6,211</b>              | <b>10,941</b>                |

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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(s) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

|  | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|------------------------------|------------------------------|
| Present value of the defined benefit obligations | \$ (10,316)                  | (10,236)                     |
| Fair value of plan assets                        | 14,336                       | 13,275                       |
| Net defined benefit liabilities                  | <b>\$ 4,020</b>              | <b>3,039</b>                 |

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

For the years ended December 31, 2022 and 2021, the Group recognized the pension expense of \$0 thousand for the defined benefit plans, and the return on plan assets (liability) recognize as other comprehensive income amounted to \$962 thousand and \$(1,268) thousand, respectively.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's pension costs under the defined contribution method amounted to \$29,773 thousand and \$25,636 thousand for the years ended December 31, 2022 and 2021, respectively. Payment to the Bureau of Labor Insurance has been made.

(t) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

|                              | <b>For the years ended December 31</b> |                |
|------------------------------|--|----------------|
|                              | <b>2022</b>                            | <b>2021</b>    |
| Current income tax expenses  | \$ 86,568                              | 108,058        |
| Deferred income tax expenses | 15,478                                 | 742            |
| Income tax expenses          | <b>\$ 102,046</b>                      | <b>108,800</b> |

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

- (ii) The Group had no income taxes recognized directly in equity and other comprehensive income.
- (iii) Reconciliation of income tax expenses and profit before income tax was as follows:

|  | <b>For the years ended December 31</b> |                       |
|--|--|-----------------------|
|  | <b>2022</b>                            | <b>2021</b>           |
| Profit before income tax                         | \$ <u>532,794</u>                      | <u>713,924</u>        |
| Income tax using the Company's domestic tax rate | 106,559                                | 142,785               |
| Undistributed earnings additional tax            | 1,605                                  | 2,137                 |
| Non-deductible expenses                          | 19,521                                 | 11,892                |
| Tax-exempt income                                | (2,734)                                | (23,380)              |
| Gains on valuation of financial assets           | (14,872)                               | (15,626)              |
| Income basic taxes                               | -                                      | 1,117                 |
| Others   | <u>(8,033)</u>                         | <u>(10,125)</u>       |
| Income tax expense                               | <b><u>\$ 102,046</u></b>               | <b><u>108,800</u></b> |

- (iv) Deferred income tax assets and liabilities
- 1) The Group had no unrecognized deferred income tax liabilities, and the unrecognized deferred income tax assets were as follows:

|                                       | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------|------------------------------|------------------------------|
| Deductible temporary difference       | \$ 1,125                     | 1,333                        |
| The carryforward of unused tax losses | <u>24,103</u>                | <u>23,682</u>                |
|                                       | <b><u>\$ 25,228</u></b>      | <b><u>25,015</u></b>         |

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

| <u>Year of loss</u> | <u>Unrecognized<br/>tax losses</u> | <u>Year of expiry</u> |
|---------------------|------------------------------------|-----------------------|
| 2014 (examined)     | \$ 36,578                          | 2024                  |
| 2016 (examined)     | 38,849                             | 2026                  |
| 2019 (examined)     | 904                                | 2029                  |
| 2020 (examined)     | 2,454                              | 2030                  |
| 2021 (filed)        | 18,855                             | 2031                  |
| 2022 (estimated)    | <u>22,875</u>                      | 2032                  |
|                     | <u><b>\$ 120,515</b></u>           |                       |

- 2) Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

|   | <u>Fair value gains<br/>and others</u> |
|---|--|
| <b>Deferred income tax liabilities:</b> |  |
| Balance on January 1, 2022              | \$ 2,276                               |
| Debit profit or loss                    | <u>2,518</u>                           |
| Balance on December 31, 2022            | <u><b>\$ 4,794</b></u>                 |
| Balance on January 1, 2021              | \$ 3,165                               |
| Credit profit or loss                   | (2,291)                                |
| Acquisition                             | <u>1,402</u>                           |
| Balance on December 31, 2021            | <u><b>\$ 2,276</b></u>                 |

|                                    | <u>Inventory<br/>allowances</u> | <u>Allowance<br/>limit on<br/>bad debts</u> | <u>Others</u>         | <u>Total</u>           |
|------------------------------------|---------------------------------|---|-----------------------|------------------------|
| <b>Deferred income tax assets:</b> |                                 |   |                       |                        |
| Balance on January 1, 2022         | \$ (47,100)                     | (3,099)                                     | (8,634)               | (58,833)               |
| Debit profit or loss               | <u>8,600</u>                    | <u>3,099</u>                                | <u>1,261</u>          | <u>12,960</u>          |
| Balance on December 31, 2022       | <u><b>\$ (38,500)</b></u>       | <u>-</u>                                    | <u><b>(7,373)</b></u> | <u><b>(45,873)</b></u> |
| Balance on January 1, 2021         | \$ (47,400)                     | (8,065)                                     | (4,552)               | (60,017)               |
| Debit (credit) profit or loss      | 300                             | 4,966                                       | (2,233)               | 3,033                  |
| Acquisition                        | <u>-</u>                        | <u>-</u>                                    | <u>(1,849)</u>        | <u>(1,849)</u>         |
| Balance on December 31, 2021       | <u><b>\$ (47,100)</b></u>       | <u><b>(3,099)</b></u>                       | <u><b>(8,634)</b></u> | <u><b>(58,833)</b></u> |

- (v) The Company's income tax returns have been assessed and approved by the R.O.C. tax authorities through the years to 2020.

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(u) Capital and other equity

As of both December 31, 2022 and 2021, the Group's authorized shares amounted to \$2,500,000 thousand, divided into 250,000 thousand shares, with par value of \$10 per share. The issued 188,357 thousand shares comprised only ordinary shares, and all issued shares were paid up upon issuance.

(i) Capital surplus

The components of capital surplus were as follows:

|  | <u>December<br/>31, 2022</u> | <u>December<br/>31, 2021</u> |
|--|------------------------------|------------------------------|
| Share capital premium  | \$ 1,189,020                 | 1,192,319                    |
| Treasury share transactions  | 54,637                       | 54,637                       |
| Difference arising from subsidiary's share price and its<br>carrying value from acquisition or disposal of | 27,984                       | 27,984                       |
| Changes in equity of associates accounted for using<br>equity method and others                            | <u>1,106</u>                 | <u>979</u>                   |
|  | <u><u>\$ 1,272,747</u></u>   | <u><u>1,275,919</u></u>      |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends in proportion to shareholders held. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total paid-in capital. The capital increases by transferring capital surplus in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulatory agency.

(ii) Retain earning

In accordance with the Article of Association, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve shall be appropriated or reversed, according to operating requirements or regulations of the Company, after the payment of income tax and offsetting the accumulated losses from prior years. The remaining portion will be combined with the earnings from prior years, and the Board of Directors can propose the distribution plan to be approved during the shareholders' meeting. The abovementioned distribution plan, by way of cash dividends, should be approved by the Company's Board of Directors and should be reported during the Company's shareholder's meeting.

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As the Company is in its growth phase, it has adopted a residual dividend policy to pay the dividends after the end of the year from the earnings of the current year and the accumulated earnings from prior years. If there are earnings at year end and the current unappropriated retained earnings exceeded the lower of 2% of the capital stock, the distribution ratio for dividends shall not be less than 10% of the current unappropriated retained earnings after taking into consideration the Company's profit, capital structure, and future operating needs. Dividends are distributed as either cash or stock, where cash dividends represent no less than 10% of the total dividends and the actual amount distributed is based on the amount approved by the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and provided that the balance of the reserve exceeds 25% of the Company's paid in capital.

2) Special reserve

In accordance with FSC, when distributing distributable earnings, the Company records the net decrease in other shareholders' equity from profit after income tax for the current period plus the current-period unappropriated retained earnings not included in the current profit after income tax and prior undistributed earnings to be added to special earnings reserve. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

If the subsidiary continues to hold the stocks of its parent company in the end of the period, with a market value lower than the book value, the Company shall allocate its special reserve, pro-rata to the shareholding percentage thereof, in an amount equals to the difference between the market value and the book value; also, the special reserve may not be distributed. If the market value subsequently increases, the Company may reverse the amount of special reserve, pro-rata to the shareholding percentage, corresponding to the amount by which the value has increased.

3) Earnings distribution

On February 24, 2022, cash dividends in the distribution plan for 2021 had been approved at the Board of Directors meeting, and other items of earnings distribution had been approved in shareholder's meeting on May 26, 2022. The cash dividends of earnings distribution for 2020 had been approved at the Board of Directors meeting on February 25, 2021, and other items of earnings distribution had been approved in shareholder's meeting on August 25, 2021.

|   | <b>For the years ended December 31</b> |                |
|---|--|----------------|
|   | <b>2021</b>                            | <b>2020</b>    |
| Dividends to shareholders - cash, \$2.5 per share | <b>\$ 470,894</b>                      | <b>470,894</b> |

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(v) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

|   | <b>For the years ended December 31</b> |                |
|---|--|----------------|
|   | <b>2022</b>                            | <b>2021</b>    |
| <b>Basic earnings per share:</b>  |  |                |
| Profit attributable to the Company  | \$ <u>412,505</u>                      | <u>577,591</u> |
| Weighted-average number of ordinary shares outstanding<br>(basic / thousand shares)   | <u>188,357</u>                         | <u>188,357</u> |
| Earnings per share (dollars)  | \$ <u>2.19</u>                         | <u>3.07</u>    |
|   |  |                |
|   | <b>For the years ended December 31</b> |                |
|   | <b>2022</b>                            | <b>2021</b>    |
| <b>Diluted earnings per share:</b>  |  |                |
| Profit attributable to the Company  | \$ <u>412,505</u>                      | <u>577,591</u> |
| Weighted-average number of ordinary shares outstanding<br>(diluted / thousand shares) | <u>189,979</u>                         | <u>190,083</u> |
| Earnings per share (dollars)  | \$ <u>2.17</u>                         | <u>3.04</u>    |
|   |  |                |
|   | <b>For the years ended December 31</b> |                |
|   | <b>2022</b>                            | <b>2021</b>    |
| Weighted-average number of ordinary shares (basic/ thousand shares)                   | 188,357                                | 188,357        |
| Effect of employee remuneration   | <u>1,622</u>                           | <u>1,726</u>   |
| Weighted-average number of ordinary shares outstanding<br>(diluted/thousand shares)   | <u>189,979</u>                         | <u>190,083</u> |

(w) Revenue from contracts with customers

(i) Details of revenue

|                               | <b>For the years ended December 31, 2022</b> |   |                       |  |                           |                   |
|-------------------------------|--|---|-----------------------|--|---------------------------|-------------------|
|                               | <b>ICT<br/>Infrastructures</b>               | <b>Computing &amp;<br/>Data<br/>Utilization</b> | <b>Digitalization</b> | <b>Clouds,<br/>Software and<br/>Services</b> | <b>Other<br/>products</b> | <b>Total</b>      |
| Major products/service lines: |  |   |                       |  |                           |                   |
| Sale of goods                 | \$ 4,085,008                                 | 5,526,303                                       | 907,805               | 289,845                                      | 15,918                    | 10,824,879        |
| Services rendered             | -  | -   | -                     | 1,288,146                                    | -                         | 1,288,146         |
| Total                         | <u>\$ 4,085,008</u>                          | <u>5,526,303</u>                                | <u>907,805</u>        | <u>1,577,991</u>                             | <u>15,918</u>             | <u>12,113,025</u> |

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|                               | <b>For the years ended December 31, 2021</b> |   |                       |  |                           | <b>Total</b>      |
|-------------------------------|--|---|-----------------------|--|---------------------------|-------------------|
|                               | <b>ICT<br/>Infrastructures</b>               | <b>Computing &amp;<br/>Data<br/>Utilization</b> | <b>Digitalization</b> | <b>Clouds,<br/>Software and<br/>Services</b> | <b>Other<br/>products</b> |                   |
| Major products/service lines: |  |   |                       |  |                           |                   |
| Sale of goods                 | \$ 3,768,168                                 | 5,405,892                                       | 1,643,224             | 251,803                                      | 171,818                   | 11,240,905        |
| Services rendered             | -  | -   | -                     | 759,816                                      | -                         | 759,816           |
| Total                         | <b>\$ 3,768,168</b>                          | <b>5,405,892</b>                                | <b>1,643,224</b>      | <b>1,011,619</b>                             | <b>171,818</b>            | <b>12,000,721</b> |

(ii) Contract balances

|   | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> | <b>January 1,<br/>2021</b> |
|---|------------------------------|------------------------------|----------------------------|
| Notes receivable (including long-term)                        | \$ 134,624                   | 299,082                      | 187,429                    |
| Accounts receivable (including long-term and related parties) | 2,679,276                    | 2,648,653                    | 1,903,411                  |
| Less: loss allowance  | (26,430)                     | (27,844)                     | (47,333)                   |
|   | <b>\$ 2,787,470</b>          | <b>2,919,891</b>             | <b>2,043,507</b>           |
| Contract assets   | <b>\$ 8,037</b>              | <b>20,392</b>                | <b>-</b>                   |
| Contract liability  | <b>\$ 300,110</b>            | <b>254,000</b>               | <b>325,364</b>             |

- 1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(c).
- 2) The amounts of contract liability balance, recognized as revenue as of January 1, 2022 and 2021 at the beginning of the period, were as follows:

|                     | <b>For the years ended December 31</b> |                |
|---------------------|--|----------------|
|                     | <b>2022</b>                            | <b>2021</b>    |
| Revenue Recognition | <b>\$ 215,216</b>                      | <b>289,404</b> |

- 3) The major changes in the balance of contract asset and liability is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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(x) Remuneration to employees and directors

In accordance with the Article of Association, once the Company has annual earnings, it should contribute 5% to 20% of the earnings as employee remuneration, and less than 1% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include the employees of the controlling or subsidiaries of the company who meet certain specific requirement. The aforementioned requirement and distribution methods should first be approved by the Company's Board of Directors or its authorized person. The Company estimated its remuneration to employees at \$44,651 thousand and \$59,513 thousand for the years ended December 31, 2022 and 2021, respectively, and estimated its remuneration to directors at \$4,186 thousand and \$5,580 thousand, respectively.

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period, related information is available on the website of the Market Observation Post System. The differences between the estimated amounts and the actual amounts approved by the Board of directors for 2022, if any, shall be accounted for as changes in accounting estimates and recognized in 2023. The actual amounts distributed for 2021 and the estimated amounts for 2021 in the financial statements were the same.

(y) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

|                 | <b>For the years ended December 31</b> |               |
|-----------------|--|---------------|
|                 | <b>2022</b>                            | <b>2021</b>   |
| Rental income   | \$ 8,574                               | 5,426         |
| Dividend income | 13,671                                 | 7,812         |
|                 | <b>\$ 22,245</b>                       | <b>13,238</b> |

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(ii) Other gains and losses

The Group's other gains and losses were as follows:

|   | <b>For the years ended December 31</b> |                       |
|---|--|-----------------------|
|   | <b>2022</b>                            | <b>2021</b>           |
| Net foreign exchange gains (losses)   | \$ 19,223                              | 21,615                |
| Net gains on valuation of financial assets (liabilities) at fair value through profit or loss | 63,261                                 | 76,717                |
| Gain on disposal of non-current assets or liabilities held for sale                           | -                                      | 84,232                |
| Gain on disposal of subsidiaries  | -                                      | 20,696                |
| Gains on disposal of investment property and property, plant and equipment                    | 52                                     | 10,262                |
| Others  | <u>12,984</u>                          | <u>3,997</u>          |
|   | <b><u>\$ 95,520</u></b>                | <b><u>217,519</u></b> |

(iii) Finance costs

The Group's financial costs were as follows:

|                               | <b>For the years ended December 31</b> |                      |
|-------------------------------|--|----------------------|
|                               | <b>2022</b>                            | <b>2021</b>          |
| Interest on bank loans        | \$ 22,259                              | 14,404               |
| Interest on lease liabilities | <u>3,221</u>                           | <u>3,590</u>         |
|                               | <b><u>\$ 25,480</u></b>                | <b><u>17,994</u></b> |

(z) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default if necessary. The Group assesses the ratings based on publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and the credit rating of counterparties, transaction amount to all qualified customers, and review annually the credit limit of counterparties, so as to manage risk exposure.

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2) Other financial assets

The credit risk exposure in cash and cash equivalents, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

The carrying amount of financial assets, represents the maximum amount exposed to credit risk. As of December 31, 2022 and 2021, the maximum exposure to credit risk amounted to \$4,168,685 thousand, and \$4,067,482 thousand, respectively.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

|   | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within 1<br/>year</u> | <u>1~5<br/>years</u> | <u>Over 5<br/>years</u> |
|---|----------------------------|-----------------------------------|--------------------------|----------------------|-------------------------|
| <b>December 31, 2022</b>  |                            |                                   |                          |                      |                         |
| Non-derivative financial liabilities  |                            |                                   |                          |                      |                         |
| Financial liabilities at fair value<br>through profit or loss - Contingent<br>considerations arising from<br>business combinations (Current<br>and Non-current) | \$ 63,144                  | 91,660                            | -                        | 91,660               | -                       |
| Long-term and short-term<br>borrowings  | 1,568,482                  | 1,610,916                         | 1,317,663                | 84,705               | 208,548                 |
| Short-term notes and bills payable  | 199,619                    | 200,000                           | 200,000                  | -                    | -                       |
| Lease liabilities (including long-<br>term)   | 174,805                    | 180,126                           | 45,797                   | 126,103              | 8,226                   |
| Notes and accounts payable  | 1,934,173                  | 1,934,173                         | 1,934,173                | -                    | -                       |
| Other payables  | 368,686                    | 368,686                           | 368,686                  | -                    | -                       |
| Guarantee deposits  | 1,640                      | 1,640                             | -                        | 1,640                | -                       |
| Derivative financial liabilities  |                            |                                   |                          |                      |                         |
| Outflow   | 13,930                     | 867,076                           | 867,076                  | -                    | -                       |
| Inflow  | -                          | (853,146)                         | (853,146)                | -                    | -                       |
|   | <u>\$ 4,324,479</u>        | <u>4,401,131</u>                  | <u>3,880,249</u>         | <u>304,108</u>       | <u>216,774</u>          |

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|   | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within 1<br/>year</u> | <u>1~5<br/>years</u> | <u>Over 5<br/>years</u> |
|---|----------------------------|-----------------------------------|--------------------------|----------------------|-------------------------|
| <b>December 31, 2021</b>  |                            |                                   |                          |                      |                         |
| Non-derivative financial liabilities  |                            |                                   |                          |                      |                         |
| Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current) |                            |                                   |                          |                      |                         |
| \$  | 103,222                    | 147,776                           | 5,609                    | 142,167              | -                       |
| Long-term and short-term borrowings   |                            |                                   |                          |                      |                         |
|   | 1,439,281                  | 1,470,642                         | 1,168,203                | 81,542               | 220,897                 |
| Lease liabilities (including long-term)   |                            |                                   |                          |                      |                         |
|   | 194,449                    | 201,547                           | 44,979                   | 124,465              | 32,103                  |
| Notes and accounts payable  |                            |                                   |                          |                      |                         |
|   | 1,453,248                  | 1,453,248                         | 1,453,248                | -                    | -                       |
| Other payables  |                            |                                   |                          |                      |                         |
|   | 406,627                    | 406,627                           | 406,627                  | -                    | -                       |
| Guarantee deposits  |                            |                                   |                          |                      |                         |
|   | 1,577                      | 1,577                             | -                        | 1,577                | -                       |
| Derivative financial liabilities  |                            |                                   |                          |                      |                         |
| Outflow   |                            |                                   |                          |                      |                         |
|   | 2,286                      | 400,463                           | 400,463                  | -                    | -                       |
| Inflow  |                            |                                   |                          |                      |                         |
|   | -                          | (398,177)                         | (398,177)                | -                    | -                       |
|   | <u>\$ 3,600,690</u>        | <u>3,683,703</u>                  | <u>3,080,952</u>         | <u>349,751</u>       | <u>253,000</u>          |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

|                              | <u>December 31, 2022</u>                       |                          |            | <u>December 31, 2021</u>                       |                          |            |
|------------------------------|--|--------------------------|------------|--|--------------------------|------------|
|                              | <u>Foreign<br/>currency (in<br/>thousands)</u> | <u>Exchange<br/>rate</u> | <u>NTD</u> | <u>Foreign<br/>currency (in<br/>thousands)</u> | <u>Exchange<br/>rate</u> | <u>NTD</u> |
| <u>Financial assets</u>      |  |                          |            |  |                          |            |
| <u>Monetary items</u>        |  |                          |            |  |                          |            |
| USD/NTD                      | \$ 4,666                                       | 30.73                    | 143,401    | 2,540  | 27.68                    | 70,316     |
| <u>Financial liabilities</u> |  |                          |            |  |                          |            |
| <u>Monetary items</u>        |  |                          |            |  |                          |            |
| USD/NTD                      | \$ 33,490                                      | 30.73                    | 1,029,145  | 16,153   | 27.68                    | 447,115    |

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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables denominated in foreign currency. To avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows resulted from changes in exchange rates, the Group uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of December 31, 2022 and 2021, with all other variables including derivative financial instruments remaining constant, would have decreased or increased the profit before income tax by \$1,651 thousand and \$686 thousand, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The amounts of exchange gains and losses (including realized and unrealized) of monetary items of the Group which were converted into functional currency, and the exchange rate information converted to the Company's functional currency, NTD, were as follows:

|     | <b>For the years ended December 31,</b>     |                                      |   |                                      |
|-----|---|--------------------------------------|---|--------------------------------------|
|     | <b>2022</b>                                 |                                      | <b>2021</b>                                 |                                      |
|     | <b>Foreign<br/>exchange<br/>(loss) gain</b> | <b>Average<br/>exchange<br/>rate</b> | <b>Foreign<br/>exchange<br/>(loss) gain</b> | <b>Average<br/>exchange<br/>rate</b> |
| NTD | \$ 19,003                                   | 1                                    | 21,679                                      | 1                                    |
| ZAR | 220   | 1.83                                 | (64)  | 1.90                                 |
|     | <b>\$ 19,223</b>                            |                                      | <b>21,615</b>                               |                                      |

(iv) Interest rate analysis

The details of interest-bearing financial instruments at the reporting date were as follows:

|                           | <b>Carrying amount</b>       |                              |
|---------------------------|------------------------------|------------------------------|
|                           | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
| Variable-rate instrument: |                              |                              |
| Financial assets          | \$ 727,713                   | 619,762                      |
| Financial liabilities     | (1,768,101)                  | (1,439,281)                  |
|                           | <b>\$ (1,040,388)</b>        | <b>(819,519)</b>             |

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According to the Group's sensitivity analysis of risk exposure to non-derivative instruments on the reporting date, if the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's profit before income tax would have decreased or increased by \$2,601 thousand and \$2,049 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly due to interest rate risk exposures on variable-rate bank deposits, long-term and short-term borrowings and short-term notes and bills payable.

(v) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The following sets out carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy but excluding financial instruments not measured at fair value with carrying amount reasonably close to their fair value, and lease liabilities, disclosure of fair value information is not required:

|   | Carrying<br>amount         | December 31, 2022 |         |         |         |
|---|----------------------------|-------------------|---------|---------|---------|
|   |                            | Fair value        |         |         | Total   |
|   |                            | Level 1           | Level 2 | Level 3 |         |
| <b>Financial assets at fair value<br/>through profit or loss</b>                      |                            |                   |         |         |         |
| Pre-purchased forward<br>exchange contracts   | \$ 623                     | -                 | -       | 623     | 623     |
| Foreign and domestic unlisted<br>stocks   | 280,153                    | -                 | -       | 280,153 | 280,153 |
| Foreign and domestic unlisted<br>equities   | <u>230,691</u>             | -                 | -       | 230,691 | 230,691 |
|   | <u><b>\$ 511,467</b></u>   |                   |         |         |         |
| <b>Financial assets at amortized<br/>cost:</b>  |                            |                   |         |         |         |
| Cash and cash equivalents   | \$ 784,073                 |                   |         |         |         |
| Notes and accounts<br>receivable, net (including<br>long-term and related<br>parties) | 2,787,470                  |                   |         |         |         |
| Other receivables   | 1,093                      |                   |         |         |         |
| Refundable deposits   | 84,481                     |                   |         |         |         |
| Other financial assets  | <u>101</u>                 |                   |         |         |         |
|   | <u><b>\$ 3,657,218</b></u> |                   |         |         |         |

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|  | December 31, 2022   |            |         |         |         |
|--|---------------------|------------|---------|---------|---------|
|  | Carrying<br>amount  | Fair value |         |         | Total   |
|  |                     | Level 1    | Level 2 | Level 3 |         |
| <b>Financial liabilities at fair value through profit or loss:</b> |                     |            |         |         |         |
| Pre-purchased forward exchange contracts                           | \$ 13,930           | -          | -       | 13,930  | 13,930  |
| Contingent considerations arising from business combinations       | <u>63,144</u>       | -          | -       | 63,144  | 63,144  |
|  | <u>\$ 77,074</u>    |            |         |         |         |
| <b>Financial liabilities measured at amortized cost:</b>           |                     |            |         |         |         |
| Long-term and short-term borrowings                                | \$ 1,568,482        |            |         |         |         |
| Short-term notes and bills payable                                 | 199,619             |            |         |         |         |
| Lease liabilities (including long-term)                            | 174,805             |            |         |         |         |
| Notes and accounts payable   | 1,934,173           |            |         |         |         |
| Other payables   | 368,686             |            |         |         |         |
| Guarantee deposits   | <u>1,640</u>        |            |         |         |         |
|  | <u>\$ 4,247,405</u> |            |         |         |         |
| <b>December 31, 2021</b>   |                     |            |         |         |         |
|  | Carrying<br>amount  | Fair value |         |         | Total   |
|  |                     | Level 1    | Level 2 | Level 3 |         |
| <b>Financial assets at fair value through profit or loss</b>       |                     |            |         |         |         |
| Pre-purchased forward exchange contracts                           | \$ 243              | -          | -       | 243     | 243     |
| Foreign and domestic unlisted stocks                               | 240,694             | -          | -       | 240,694 | 240,694 |
| Domestic unlisted equities   | <u>97,602</u>       | -          | -       | 97,602  | 97,602  |
|  | <u>\$ 338,539</u>   |            |         |         |         |

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|  | December 31, 2021          |            |         |         |         |
|--|----------------------------|------------|---------|---------|---------|
|  | Carrying<br>amount         | Fair value |         |         | Total   |
|  |                            | Level 1    | Level 2 | Level 3 |         |
| <b>Financial assets at amortized cost</b>                                  |                            |            |         |         |         |
| Cash and cash equivalents  | \$ 673,911                 |            |         |         |         |
| Notes and accounts receivable<br>(including long-term and related parties) | 2,919,891                  |            |         |         |         |
| Other receivables  | 1,825                      |            |         |         |         |
| Refundable deposits  | 77,279                     |            |         |         |         |
| Other financial assets   | <u>56,037</u>              |            |         |         |         |
|  | <b><u>\$ 3,728,943</u></b> |            |         |         |         |
| <b>Financial liabilities at fair value through profit or loss:</b>         |                            |            |         |         |         |
| Pre-purchased forward exchange contracts                                   | \$ 2,286                   | -          | -       | 2,286   | 2,286   |
| Contingent considerations arising from business combinations               | <u>103,222</u>             | -          | -       | 103,222 | 103,222 |
|  | <b><u>\$ 105,508</u></b>   |            |         |         |         |
| <b>Financial liabilities measured at amortized cost:</b>                   |                            |            |         |         |         |
| Long-term and short-term borrowings  | \$ 1,439,281               |            |         |         |         |
| Lease liabilities (including long-term)                                    | 194,449                    |            |         |         |         |
| Notes and accounts payable   | 1,453,248                  |            |         |         |         |
| Other payables   | 406,627                    |            |         |         |         |
| Guarantee deposits   | <u>1,577</u>               |            |         |         |         |
|  | <b><u>\$ 3,495,182</u></b> |            |         |         |         |

2) Valuation techniques for financial instruments measured at fair value

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth and the price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

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Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the consideration for payment, by the discounted present value.

Measurement of the fair value of derivative instruments is based on the valuation techniques accepted by the market participants, such as the discounted cash flow or option pricing models. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There were no transfers between level 1 and level 2 of the financial instruments for the years ended December 31, 2022 and 2021.

4) Reconciliation of Level 3 fair values

|  | <b>Measured at fair value through<br/>profit or loss</b> | <b>Non-derivative<br/>financial assets<br/>(liabilities)<br/>measured at<br/>fair value<br/>through profit<br/>or loss</b> |
|--|--|--|
|  | <b>Derivative<br/>financial assets<br/>(liabilities)</b> | <b>Non-derivative<br/>financial assets<br/>(liabilities)<br/>measured at<br/>fair value<br/>through profit<br/>or loss</b> |
| January 1, 2022  | \$ (2,043)   | 235,074  |
| Recognized in profit or loss                                 | (11,101)   | 74,362   |
| Additions  | -  | 130,856  |
| Decrease of contingent considerations                        | -  | 7,408  |
| Effects of exchange rate changes                             | (163)  | -  |
| December 31, 2022  | <b>\$ (13,307)</b>                                       | <b>447,700</b>   |
| January 1, 2021  | \$ (554)   | 76,463   |
| Recognized in profit or loss                                 | (1,489)  | 78,132   |
| Additions  | -  | 100,000  |
| Contingent considerations payments                           | -  | 3,777  |
| Contingent considerations arising from business combinations | -  | (23,298)   |
| December 31, 2021  | <b>\$ (2,043)</b>  | <b>235,074</b>   |

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The aforementioned total gains and losses that were recognized in “other gains and losses”. The gains or losses attributable to the assets and liabilities held on December 31, 2022 and 2021 were as follows:

|   | <b>For the years ended December 31</b> |                      |
|---|--|----------------------|
|   | <b>2022</b>                            | <b>2021</b>          |
| Total gains and losses  |  |                      |
| Recognized in profit or loss (recognized as other gains and losses) | <b>\$ <u>61,055</u></b>                | <b><u>76,089</u></b> |

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and derivative financial instruments.

The fair value of derivative financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Group did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Quantified information on other significant unobservable inputs was as follows:

| <b>Item</b>   | <b>Valuation technique</b>           | <b>Significant unobservable inputs</b>  | <b>Interrelationship between significant unobservable inputs and fair value measurement</b> |
|---|--------------------------------------|---|---|
| Financial assets at fair value through profit or loss-investments in equity instrument without active market            | Comparable listed companies approach | · Market liquidity discount rate (23.63%~27.08% as of December 31, 2022, 25.00%~31.34% as of December 31, 2021) | · The higher the market liquidity discount rate, the lower the fair value                   |
| Financial liabilities at fair value through profit or loss-Contingent considerations arising from business combinations | Discounted cash flow method          | · Discount rate (8.81%~18.35% as of December 31, 2022, 8.19%~14.75% as of December 31, 2021)                    | · The higher the discount rate, the lower the fair value                                    |

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- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit:

|   | <u>Inputs</u>              | <u>Current profit (loss) arising from<br/>changes in fair value</u> |                     |
|---|----------------------------|---|---------------------|
|   |                            | <u>10% increase</u>   | <u>10% decrease</u> |
| <b>December 31, 2022</b>  |                            |   |                     |
| Financial assets (liabilities) at fair value through profit or loss |                            |   |                     |
| Investments in equity instrument without an active market           | Discount for marketability | \$ <u>(36,719)</u>  | <u>36,719</u>       |
| Contingent considerations arising from business combinations        | Discount for discount rate | \$ <u>2,063</u>   | <u>(2,176)</u>      |
| <b>December 31, 2021</b>  |                            |   |                     |
| Financial assets (liabilities) at fair value through profit or loss |                            |   |                     |
| Investments in equity instrument without an active market           | Discount for marketability | \$ <u>(33,780)</u>  | <u>33,780</u>       |
| Contingent considerations arising from business combinations        | Discount for discount rate | \$ <u>3,223</u>   | <u>(3,399)</u>      |

(aa) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Group. For more details about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities, so as to minimize risk exposure.

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The Board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

(ab) Capital management

The Board's policy is to maintain a strong capital base, in order to maintain investor, creditor, and market confidence. Capital consists of ordinary shares, capital surplus, retained earnings, and noncontrolling interests. As of December 31, 2022, the Group had sufficient capital to meet the needs for working capital and other expenditure in the next 12 months. The Group's approach to capital management has not changed on each reporting date.

As of December 31, 2022 and 2021, the debt ratios were 52% and 47%, respectively.

(ac) Investing and financing activities not affecting current cash flow

For the years ended December 31, 2022 and 2021, the Group's investing and financing activities, not affecting the current cash flow, were as follows:

- (i) For the acquisition of right-of-use assets by lease, please refer to Note 6(k).
- (ii) The reconciliation of liabilities arising from financing activities was as follows:

|   | <b>January 1,<br/>2022</b> | <b>Cash flows</b>     | <b>Non-cash<br/>changes</b> | <b>December 31,<br/>2022</b> |
|---|----------------------------|-----------------------|-----------------------------|------------------------------|
| Long-term borrowings                        | \$ 293,623                 | (16,742)              | -                           | 276,881                      |
| Short-term borrowings                       | 1,145,658                  | 145,943               | -                           | 1,291,601                    |
| Short-term notes and bills payable          | -                          | 199,619               | -                           | 199,619                      |
| Guarantee deposits                          | 1,577                      | 63                    | -                           | 1,640                        |
| Lease liabilities (including long-term)     | <u>194,449</u>             | <u>(48,207)</u>       | <u>28,563</u>               | <u>174,805</u>               |
| Total liabilities from financing activities | <u><u>\$ 1,635,307</u></u> | <u><u>280,676</u></u> | <u><u>28,563</u></u>        | <u><u>1,944,546</u></u>      |
|   | <b>January 1,<br/>2021</b> | <b>Cash flows</b>     | <b>Non-cash<br/>changes</b> | <b>December 31,<br/>2021</b> |
| Long-term borrowings                        | \$ 310,497                 | (16,874)              | -                           | 293,623                      |
| Short-term borrowings                       | 514,759                    | 624,899               | 6,000                       | 1,145,658                    |
| Other payables                              | 113,742                    | (113,742)             | -                           | -                            |
| Guarantee deposits                          | 1,621                      | (44)                  | -                           | 1,577                        |
| Lease liabilities (including long-term)     | <u>204,580</u>             | <u>(42,511)</u>       | <u>32,380</u>               | <u>194,449</u>               |
| Total liabilities from financing activities | <u><u>\$ 1,145,199</u></u> | <u><u>451,728</u></u> | <u><u>38,380</u></u>        | <u><u>1,635,307</u></u>      |

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**(7) Related-party transactions:**

(a) Parent company and ultimate controlling company

Qisda Corporation (“Qisda”) is both the parent company and the ultimate controlling party of the Group. As of December 31, 2022 and 2021, Qisda both holds 51.41% of the number of ordinary shares outstanding of the Group, and it has prepared the consolidated financial statements for public use.

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

| <u>Name of related party</u>                                  | <u>Relationship with the Group</u>                       |
|---|--|
| Qisda Corporation (Qisda)                                     | Parent of the Group                                      |
| GRANDSYS INC. (GRANDSYS)                                      | Associate of the Group                                   |
| BenQ Material Corporation. (BenQ Material)                    | It and the Company have the same ultimate parent company |
| Partner Tech Corporation (Partner Tech)                       | It and the Company have the same ultimate parent company |
| DFI Inc. (DFI)  | It and the Company have the same ultimate parent company |
| Data Image Corporation (Data Image)                           | It and the Company have the same ultimate parent company |
| BenQ Corporation (New BenQ)                                   | It and the Company have the same ultimate parent company |
| SIMULA TECHNOLOGY INC. (SIMULA TECHNOLOGY)                    | It and the Company have the same ultimate parent company |
| BenQ Asia Pacific Corporation (BenQ Asia Pacific)             | It and the Company have the same ultimate parent company |
| ACE Energy Co., Ltd. (ACE Energy)                             | It and the Company have the same ultimate parent company |
| ACE PILLAR CO., LTD. (ACE PILLAR)                             | It and the Company have the same ultimate parent company |
| AEWIN Technologies Co., Ltd (AEWIN Technologies)              | It and the Company have the same ultimate parent company |
| BenQ Medical Technology Corporation (BenQ Medical Technology) | It and the Company have the same ultimate parent company |
| Alpha Networks Inc. (Alpha)                                   | It and the Company have the same ultimate parent company |

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

| <u>Name of related party</u>  | <u>Relationship with the Group</u>                       |
|---|--|
| Topview Optronics Corporation (Topview Optronics)                       | It and the Company have the same ultimate parent company |
| Suzhou Super Pillar Automation Equipment Co., Ltd.(Suzhou Super Pillar) | It and the Company have the same ultimate parent company |
| BenQ AB DentCare Corp. (BenQ AB DentCare)                               | It and the Company have the same ultimate parent company |
| Action Star Technology Co., Ltd. (Action Star)                          | It and the Company have the same ultimate parent company |
| BENQ HEALTHCARE CORPORATION (BHS)                                       | It and the Company have the same ultimate parent company |
| Transnet Corporation (Transnet)   | It and the Company have the same ultimate parent company |
| HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)                          | It and the Company have the same ultimate parent company |
| Interactive Digital Technologies Inc. (Interactive Digital)             | It and the Company have the same ultimate parent company |
| LA FRESH INFORMATION CO., LTD. (LA FRESH)                               | It and the Company have the same ultimate parent company |
| Webest Solution Corporation (Webest Solution)                           | It and the Company have the same ultimate parent company |
| ASIACONNECT INTERNATIONAL COMPANY LTD. (ASIACONNECT INTERNATIONAL)      | It and the Company have the same ultimate parent company |
| Concord Medical Co., Ltd (Concord)                                      | It and the Company have the same ultimate parent company |
| DIVA LABORATORIES, LTD. (DIVA)  | It and the Company have the same ultimate parent company |
| E-STRONG MEDICAL TECHNOLOGY CO., LTD. (ESM)                             | It and the Company have the same ultimate parent company |
| EASTECH CO., LTD. (EASTECH)   | It and the Company have the same ultimate parent company |
| GOLDEN SPIRIT CO., LTD. (GOLDEN SPIRIT)                                 | It and the Company have the same ultimate parent company |
| Partner Tech Middle East FZCO (PTME)                                    | It and the Company have the same ultimate parent company |
| BenQ Guru Holding Limited(GSH)  | It and the Company have the same ultimate parent company |
| Darfon Electronics Corporation (Darfon Electronics)                     | Associate of the parent company                          |
| AUO Corporation (AUO)   | Associate of the parent company                          |

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

| <u>Name of related party</u>   | <u>Relationship with the Group</u>    |
|--|---------------------------------------|
| AUO Envirotech Inc. (AUO Envirotech)                                       | Subsidiary of AUO                     |
| AUO Display Plus Corporation (AUO Display Plus)                            | Subsidiary of AUO                     |
| DARWIN PRECISIONS CORPORATION<br>(DARWIN)                                  | Subsidiary of AUO                     |
| AUO Education Service Corp. (AUO Education<br>Service)                     | Subsidiary of AUO                     |
| BenQ Foundation  | Substantive related party             |
| CHI KAI INTERNATIONAL CO., LTD. (CHI KAI<br>INTERNATIONAL)                 | Substantive related party (Note 1)    |
| RECEIVE-MORE INVESTMENTS NO 9 (PTY)<br>LTD (RECEIVE-MORE INVESTMENTS NO 9) | Substantive related party             |
| AMS HEALTHCARE (PTY) LTD (AMS<br>HEALTHCARE)                               | Substantive related party             |
| ASML LOGISTICS (PTY) LTD (ASML<br>LOGISTICS)                               | Substantive related party             |
| 4A GROUP (PTY) LTD (4A GROUP)  | Substantive related party             |
| CLOUD 9 HOLDINGS (PTY) LTD (CLOUD 9<br>HOLDINGS)                           | Substantive related party             |
| METAWORK (PTY) LTD (METAWORK)  | Substantive related party             |
| Key management personnel   | Key management personnel of the Group |

Note 1: CHI KAI-INTERNATIONAL is no longer a substantive related party of the Group due to the transfer of the capital on August 15, 2022.

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

|                       | <u>For the years ended December 31</u> |                |
|-----------------------|--|----------------|
|                       | <u>2022</u>                            | <u>2021</u>    |
| Parent company        | \$ 13,503                              | 155,090        |
| Associates            | 9,173                                  | 3,592          |
| Other associates      | 89,124                                 | 145,894        |
| Other related parties | <u>(6,883)</u>                         | <u>18,338</u>  |
|                       | <u>\$ 104,917</u>                      | <u>322,914</u> |

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

The selling price offered to related parties approximated the market price, and the credit terms. For the year ended December 31, 2022 were either based on terms ranging from advance receipt to 120 days after the end of the month or the terms stated in the contract; while the credit terms for the year ended December 31, 2021 ranged from 30 to 120 days after the end of the month or the terms stated in the contract. Receivables from related parties were not pledged as collateral, and no allowance was needed to provide for impairment loss after assessment.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

|                       | <b>For the three months ended<br/>December 31</b> |                       |
|-----------------------|---|-----------------------|
|                       | <b>2022</b>                                       | <b>2021</b>           |
| Parent company        | \$ -  | (486)                 |
| Other associates      | 4,607   | 26,313                |
| Other related parties | <u>28,132</u>                                     | <u>138,468</u>        |
|                       | <b><u>\$ 32,739</u></b>                           | <b><u>164,295</u></b> |

Purchase prices and payment terms from related parties were not significant difference from third-party suppliers. The payment terms for the years ended December 31, 2022 and 2021 ranged from prepaid to 90 days after the end of the month. The Group requested a return of purchased goods from its other related parties for the year ended December 31, 2022. The refund receivables amounted to \$17,211 thousand had been fully received as of December 31, 2022.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

| <b>Account</b>                               | <b>Category of<br/>related party</b> | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|--------------------------------------|------------------------------|------------------------------|
| Accounts receivable<br>(including long-term) | Parent company                       | \$ 76,083                    | 104,975                      |
| Accounts receivable                          | Associates                           | 423                          | 2,551                        |
| Accounts receivable                          | Other associates                     | 13,437                       | 30,300                       |
| Accounts receivable                          | Other related parties                | <u>72</u>                    | <u>10,087</u>                |
|  |                                      | <b><u>\$ 90,015</u></b>      | <b><u>147,913</u></b>        |

(iv) Payables to related parties

The payables to related parties were as follows:

| <b>Account</b>   | <b>Relationship</b> | <b>December<br/>31, 2022</b> | <b>December<br/>31, 2021</b> |
|------------------|---------------------|------------------------------|------------------------------|
| Accounts payable | Other associates    | <u>\$ 62</u>                 | <u>9,728</u>                 |

(Continued)



**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(v) Prepayments

The prepayments to related parties were as follows:

| <u>Account</u>           | <u>Relationship</u>   | <u>December<br/>31, 2022</u> | <u>December<br/>31, 2021</u> |
|--------------------------|-----------------------|------------------------------|------------------------------|
| Prepayment for purchases | Other related parties | \$ -                         | <u>6,228</u>                 |

(vi) Lease

1) Lessor

The Group leased out building to its related parties. The amount of rental income were as follow:

| <u>Lessee</u>          | <u>For the years ended December 31</u> |              |
|------------------------|--|--------------|
|                        | <u>2022</u>                            | <u>2021</u>  |
| Other associates - DFI | \$ <u>6,035</u>                        | <u>2,012</u> |

The deposit and monthly rental are determined based on nearby office rental rates, and the rent is received monthly. As of December 31, 2022 and 2021, both receivables from the aforementioned transaction had been fully received.

2) Lessee

The Group rented buildings from its ultimate controlling company and entered into 10-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2022 and 2021, the Group recognized the interest expenses amounted to \$13 thousand, and \$18 thousand, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$0 thousand and \$841 thousand, respectively. In November 2022, the Group terminated the lease early and recognized gains on lease modifications amounting to \$65 thousand in other gains and losses.

The Group rented buildings from its other related party and entered into 5-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2022 and 2021, the Group recognized the interest expenses amounted to \$573 thousand, and \$1,174 thousand, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$2,233 thousand and \$7,982 thousand, respectively.

(vii) Financing from related parties

In 2021, The borrowings from other associates, Partner Tech, bear interest at 3.5% annually and without collaterals. For the year ended December 31, 2021, interest expenses from the interest-bearing borrowings from related party amounted to \$208 thousand. As of December 31, 2021, the above-mentioned other payables had been fully repaid.

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(viii) Donation

For the years ended December 31, 2022 and 2021, the Group made donations of \$3,000 thousand and \$2,000 thousand, respectively, to its substantive related party, BenQ Foundation.

(ix) Acquisition of the subsidiary

- 1) The Group had fully acquired Metaguru from other associates, GSH, at the total price of \$31,000 thousand in December 2022. The price had been paid in full.
- 2) The Group had fully acquired COREX from other associates, Partner Tech, at the total price of \$140,000 thousand in January 2021. The price had been paid in full.

(x) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant outstanding balances by related parties were as follows:

|                       | Cost and expense                   |               | Other payables |            |
|-----------------------|------------------------------------|---------------|----------------|------------|
|                       | For the years ended<br>December 31 |               | December       | December   |
|                       | 2022                               | 2021          | 31, 2022       | 31, 2021   |
| Parent Company        | \$ 956                             | 963           | 128            | 41         |
| Other associates      | 2,087                              | 791           | 157            | 206        |
| Other related parties | 14,181                             | 10,113        | -              | 399        |
|                       | <u>\$ 17,224</u>                   | <u>11,867</u> | <u>285</u>     | <u>646</u> |

(d) Key management personnel compensation

Key management personnel compensation comprised:

|                              | For the years ended December 31 |               |
|------------------------------|---------------------------------|---------------|
|                              | 2022                            | 2021          |
| Short-term employee benefits | \$ 84,903                       | 93,507        |
| Post-employment benefits     | 1,276                           | 1,231         |
| Termination benefits         | -                               | -             |
| Other long-term benefits     | -                               | -             |
| Share-based payment          | -                               | -             |
|                              | <u>\$ 86,179</u>                | <u>94,738</u> |

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

The carrying amounts of the assets which the Group pledged as collateral were as follows:

| <u>Asset Name</u>             | <u>Liabilities secured<br/>by pledged</u> | <u>December<br/>31, 2022</u> | <u>December<br/>31, 2021</u> |
|-------------------------------|---|------------------------------|------------------------------|
| Property, plant and equipment | Long-term and short-term borrowings       | \$ 492,474                   | 830,124                      |
| Other non-current assets      | Short-term borrowings                     | -                            | 3,037                        |
|                               |   | <u>\$ 492,474</u>            | <u>833,161</u>               |

**(9) Significant commitments and contingencies**

- (a) The promissory notes, issued by the Group for loans from financial institutions, forward exchange transactions, and purchase limits, are detailed as follows:

| <u>Asset Name</u>       | <u>Currency</u> | <u>December<br/>31, 2022</u> | <u>December<br/>31, 2021</u> |
|-------------------------|-----------------|------------------------------|------------------------------|
| Promissory notes issued | NTD             | <u>\$ 5,846,000</u>          | <u>5,771,000</u>             |
|                         | USD             | <u>\$ 4,500</u>              | <u>17,350</u>                |

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Others:**

- (a) The summary of employee benefits, depreciation, depletion and amortization, by function, was as follows:

| By item                         | By function | For the years ended December 31, 2022 |                    |         | For the years ended December 31, 2021 |                    |         |
|---------------------------------|-------------|---------------------------------------|--------------------|---------|---------------------------------------|--------------------|---------|
|                                 |             | Operating costs                       | Operating expenses | Total   | Operating costs                       | Operating expenses | Total   |
| Employee benefits               |             |                                       |                    |         |                                       |                    |         |
| Salary                          |             | 102,301                               | 698,226            | 800,527 | 84,881                                | 620,609            | 705,490 |
| Labor and health insurance      |             | 6,571                                 | 54,646             | 61,217  | 6,712                                 | 46,591             | 53,303  |
| Pension                         |             | 3,414                                 | 26,359             | 29,773  | 3,375                                 | 22,261             | 25,636  |
| Other employee benefits expense |             | 1,652                                 | 31,393             | 33,045  | 1,956                                 | 32,395             | 34,351  |
| Depreciation                    |             | 3,935                                 | 81,139             | 85,074  | 4,212                                 | 74,798             | 79,010  |
| Amortization                    |             | 26                                    | 10,306             | 10,332  | 26                                    | 11,128             | 11,154  |

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

| No. | Name of Guarantor/Endorsee | Counter-party of guarantee and endorsement |                           | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the Period | Balance for guarantees and endorsements as of reporting date | Actual borrowing amount | Property pledged for guarantees and endorsements | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company guarantees/endorsements to third parties on behalf of subsidiary | Subsidiary guarantees/endorsements to third parties on behalf of parent company | guarantees/endorsements to third parties on behalf of companies in Mainland China |
|-----|----------------------------|--|---------------------------|---|---|--|-------------------------|--|---|--|---|---|---|
|     |                            | Name                                       | Relationship              |   |   |  |                         |  |   |  |   |   |   |
| 0   | the Company                | COREX                                      | Subsidiary of the Company | Note 1  | 309,400   | 150,000  | 110,746                 | -  | 3.54 %  | (Note 1)                                       | Y   | -   | -   |
| 0   | the Company                | GLOBAL INTELLIGENCE NETWORK                | "                         | "   | 100,000   | -  | -                       | -  | %   | "  | Y   | -   | -   |

Note 1: The amount of the guarantees and endorsements for a single entity company shall not exceed 20% of the Company's net worth of \$848,447 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth of \$2,121,118 thousand.

(iii) Securities held as balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

| Holder Company | Category and name of security        | Relationship with company | Account   | Ending Balance |                 |                             |                | Highest balance during the year |                             | Note     |
|----------------|--------------------------------------|---------------------------|---|----------------|-----------------|-----------------------------|----------------|---------------------------------|-----------------------------|----------|
|                |                                      |                           |   | Shares/Units   | Carrying amount | Percentage of Ownership (%) | Fair value     | Shares/Units (thousands)        | Percentage of ownership (%) |          |
| the Company    | Stock:                               |                           |   |                |                 |                             |                |                                 |                             |          |
|                | DYNASAFE TECHNOLOGIES, INC.          | -                         | Non-current financial assets at fair value through profit or loss | 3,906          | 274,009         | 19.53                       | 274,009        | 3,906                           | 19.53                       | (Note 1) |
| "              | CDS Holdings Limited                 | -                         | "   | 600            | -               | 1.11                        | -              | 600                             | 1.11                        | "        |
| "              | YOBON TECHNOLOGIES, INC.             | -                         | "   | 3              | -               | 0.42                        | -              | 3                               | 0.42                        | "        |
| "              | Touch Cloud Inc.                     | -                         | "   | 200            | 572             | 1.50                        | 572            | 200                             | 1.50                        | "        |
| "              | Gemini Data, Inc.                    | -                         | "   | 2,706          | 5,173           | 1.23                        | 5,173          | 2,706                           | 1.70                        | "        |
| "              | KINGTEL CORPORATION                  | -                         | "   | 443            | 399             | 18.09                       | 399            | 443                             | 18.09                       | "        |
|                | Equity:                              |                           |   |                |                 |                             |                |                                 |                             |          |
| "              | Taiwania Capital Buffalo Fund V, LP. | -                         | "   | (Note 2)       | 199,835         | 12.78                       | 199,835        | (Note 2)                        | 12.78                       | "        |
| "              | New Economy Ventures L.P.            | -                         | "   | (Note 2)       | 30,856          | 7.36                        | 30,856         | (Note 2)                        | 7.36                        | "        |
|                |                                      |                           |   |                | <b>510,844</b>  |                             | <b>510,844</b> |                                 |                             |          |

Note 1: Unlisted company.  
Note 2: Limited partnership.

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock: None
- (viii) Receivable from related parties with amount exceeding the lower of \$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: Please refer to Note 6(b).
- (x) Business relationships and significant intercompany transactions:

| No. | Name of company             | Name of counter-party       | Nature of relationship | Intercompany Transactions |        |                                   |  |
|-----|-----------------------------|-----------------------------|------------------------|---------------------------|--------|-----------------------------------|--|
|     |                             |                             |                        | Account                   | Amount | Trading terms                     | Percentage of the consolidated net sales or total assets |
| 0   | the Company                 | GLOBAL INTELLIGENCE NETWORK | 1                      | Sales                     | 75,876 | 60 days from the end of the month | 0.63%  |
| "   | "                           | "                           | 1                      | Accounts receivable       | 34,118 | "                                 | 0.37%  |
| "   | "                           | "                           | 1                      | Rental income             | 6,727  | Payment on 10th of each month     | 0.06%  |
| "   | "                           | "                           | 1                      | Other revenue             | 11,173 | 60 days from the end of the month | 0.09%  |
| "   | "                           | EPIC CLOUD                  | 1                      | Sales                     | 48,413 | "                                 | 0.40%  |
| "   | "                           | "                           | 1                      | Accounts receivable       | 11,028 | "                                 | 0.12%  |
| "   | "                           | "                           | 1                      | Other revenue             | 5,628  | "                                 | 0.05%  |
| 1   | GLOBAL INTELLIGENCE NETWORK | the Company                 | 2                      | Sales                     | 21,333 | "                                 | 0.18%  |
| 2   | EPIC CLOUD                  | the Company                 | 2                      | Sales                     | 6,302  | "                                 | 0.05%  |
| 3   | APEO HumanCapital           | ADVANCEDTEKINTERNATIONAL    | 3                      | Sales                     | 13,120 | (Note 3)                          | 0.11%  |

Note 1: No. are filled in as follows:

- (i) "0" represents the parent company  
(ii) Subsidiaries are numbered starting from "1".

Note 2: Natures of relationship with counterparty are as below:

- 1.Parent company to subsidiary.  
2.Subsidiary to parent company.  
3.Subsidiary to subsidiary.

Note 3: Clearance made within the month and payments received before the end of the month.

Note 4: Disclosure of only the amounts exceeding of \$5 million.

Note 5: Related transactions have been eliminated during preparing the consolidated financial statements.

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)  
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**Notes to the Consolidated Financial Statements**

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022:

| Name of investor          | Name of investee            | Location     | Main businesses and products  | Original investment amount |                   | Balance as of December 31, 2022 |                         |                 | Highest balance during the year |                         | Net income (loss) of investee | Share of profits/losses of investee | Note               |
|---------------------------|-----------------------------|--------------|---|----------------------------|-------------------|---------------------------------|-------------------------|-----------------|---------------------------------|-------------------------|-------------------------------|-------------------------------------|--------------------|
|                           |                             |              |   | December 31, 2022          | December 31, 2021 | (In thousands of shares)        | Percentage of ownership | Carrying amount | Shares/Units (thousands)        | Percentage of Ownership |                               |                                     |                    |
| the Company               | GLOBAL INTELLIGENCE NETWORK | Taiwan       | Trading in hardware and software for network and communications systems | 119,142                    | 119,142           | 10,475                          | 79.36 %                 | 182,615         | 10,476                          | 79.36 %                 | 10,752                        | 8,538                               | (Notes 1 and 3)    |
| "                         | EPIC CLOUD                  | Taiwan       | Data software and data processing services                              | 27,500                     | 50,000            | 2,750                           | 100.00 %                | 4,427           | 5,000                           | 100.00 %                | (23,008)                      | (23,008)                            | (Notes 1, 3 and 5) |
| "                         | COREX                       | South Africa | Import and export of electronic products for sale and purchase          | 251,872                    | 251,872           | 1                               | 100.00 %                | 268,772         | 1                               | 100.00 %                | (23,559)                      | (24,646)                            | (Notes 1 and 3)    |
| "                         | STATINC                     | Taiwan       | Market research, management consulting and data processing services     | 69,983                     | 69,983            | 1,754                           | 34.99 %                 | 82,195          | 1,754                           | 34.99 %                 | (5,708)                       | (2,660)                             | (Notes 1 and 3)    |
| "                         | UNISAGE                     | Taiwan       | Medical equipment manufacturing   | -                          | 506               | -                               | - %                     | -               | 67                              | 38.01 %                 | -                             | -                                   | (Note 2 and 4)     |
| "                         | GRANDSYS                    | Taiwan       | Data software and data processing services                              | 94,547                     | 94,547            | 5,643                           | 20.96 %                 | 112,741         | 5,643                           | 21.84 %                 | 48,595                        | 7,205                               | (Note 2)           |
| "                         | ADVANCEDTEK INTERNATIONAL   | Taiwan       | Applications of software implementing services                          | 30,091                     | 30,091            | 1,153                           | 34.09 %                 | 39,263          | 1,153                           | 34.09 %                 | 21,266                        | 7,251                               | (Notes 1 and 3)    |
| "                         | Everlasting Digital ESG     | Taiwan       | Development and sale of software  | 5,000                      | 5,000             | 500                             | 29.41 %                 | 3,113           | 500                             | 29.41 %                 | (3,746)                       | (1,020)                             | (Note 2)           |
| "                         | Metaguru                    | Taiwan       | R&D and sales of computer information systems                           | 31,000                     | -                 | 1,712                           | 100.00 %                | 29,054          | 5,760                           | 100.00 %                | 7,074                         | 7,074                               | (Notes 1 and 3)    |
| EPIC CLOUD                | GLOBAL INTELLIGENCE NETWORK | Taiwan       | Trading in hardware and software for network and communications systems | 172                        | 172               | 10                              | 0.08 %                  | 172             | 10                              | 0.08 %                  | 10,752                        | -                                   | (Notes 1 and 3)    |
| "                         | STATINC                     | Taiwan       | Market research, management consulting and data processing services     | 40                         | 40                | 1                               | 0.02 %                  | 40              | 1                               | 0.02 %                  | (5,708)                       | -                                   | (Notes 1 and 3)    |
| ADVANCEDTEK INTERNATIONAL | APEO Human Capital          | Taiwan       | Applications of software implementing services                          | 2,060                      | 2,060             | 200                             | 100.00 %                | 2,852           | 200                             | 100.00 %                | 65                            | 65                                  | (Notes 1 and 3)    |
| STATINC                   | DKABio                      | Taiwan       | Market research, management consulting and data processing services     | 20,000                     | 20,000            | 2,000                           | 100.00 %                | 12,450          | 2,000                           | 100.00 %                | (6,462)                       | (6,462)                             | (Notes 1 and 3)    |

Note 1: Subsidiary of the Company.

Note 2: Associates of the Company.

Note 3: The equity transactions on the left have already been eliminated during preparing the consolidated financial statements.

Note 4: The investee company has been liquidated on October 12, 2022.

Note 5: The investee company performs a capital reduction to offset the accumulated deficit in August 2022. The amounts of capital reduction and reduced shares amounted to \$22,500 thousand and 2,250 thousand shares, respectively.

(c) Information on investment in Mainland China: None

(Continued)

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**Notes to the Consolidated Financial Statements**

(d) Major Shareholders:

| Unit: Shares             |              |            |            |
|--------------------------|--------------|------------|------------|
| Major shareholder's name | Shareholding | Shares     | Percentage |
| Qisda                    |              | 96,841,239 | 51.41 %    |

**(14) Segment information:**

(a) General information

The Group has four reportable product line segments: ICT Infrastructures, Computing & Data Utilization, Digitalization, and Clouds, Software and Services. The ICT Infrastructures segment distributes and resells products from Cisco and other brands; the Computing & Data Utilization segment distributes and resells products from IBM, Dell, EMC, and other brands; the Digitalization segment distributes and resells products from Oracle and other brands; and the Clouds, Software and Services segment and resells sells cloud products, provides technical support, after-sales services and market research, as well as survey services. It also generates revenue incurred from the installation and support of software and hardware, foreign domain integration, as well as market survey, information system integration, design, import and consulting.

The Group's reported segments consist of strategic business units which provide different products and services. Since each strategic business unit requires different technology and marketing strategies, it must be administered separately.

(b) Information for reportable segment profit or loss, segment assets and their measurement and reconciliations

The Group did not allocate operating expenses, income tax expense, and non-operating income and expenses to reportable segments. The reported amount is the same as the amount of the financial statements used by operating decision makers.

The measurement of the profit or loss of the Group's operating segments was based on gross profit from operation, which has also been taken as the basis of performance evaluation. The accounting policies for the operating segments are the same as those in the summary of significant accounting policies described in note 4. Besides, sales and transfers between the segments are regarded as second party transactions and are measured based on current market prices.

Other segments of the Group mainly sell communications equipment and provide education training services. For the years ended December 31, 2022 and 2021, the aforementioned segments did not reach the quantitative thresholds of a reportable segment.

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The Group's operating segment information and reconciliation are as follows:

|                       | <b>For the year ended December 31, 2022</b> |   |                       |  |                           |  |                   |
|-----------------------|---|---|-----------------------|--|---------------------------|--|-------------------|
|                       | <b>ICT<br/>Infrastructures</b>              | <b>Computing &amp;<br/>Data<br/>Utilization</b> | <b>Digitalization</b> | <b>Clouds,<br/>Software and<br/>Services</b> | <b>Other<br/>products</b> | <b>Reconciliation<br/>and eliminations</b> | <b>Total</b>      |
| Revenue               |   |   |                       |  |                           |  |                   |
| Revenue from external |   |   |                       |  |                           |  |                   |
| customers             | \$ 4,085,008                                | 5,526,303                                       | 907,805               | 1,577,991                                    | 15,918                    | -  | 12,113,025        |
| Intersegment revenues | 11,130                                      | 91,451  | 4,616                 | 49,905                                       | -                         | (157,102)                                  | -                 |
| Total revenue         | <u>\$ 4,096,138</u>                         | <u>5,617,754</u>                                | <u>912,421</u>        | <u>1,627,896</u>                             | <u>15,918</u>             | <u>(157,102)</u>                           | <u>12,113,025</u> |
| Gross profit (loss)   | <u>\$ 438,117</u>                           | <u>659,623</u>                                  | <u>90,214</u>         | <u>505,188</u>                               | <u>2,970</u>              | <u>(11,538)</u>                            | <u>1,684,574</u>  |
|                       |   |   |                       |  |                           |  |                   |
|                       | <b>For the year ended December 31, 2021</b> |   |                       |  |                           |  |                   |
|                       | <b>ICT<br/>Infrastructures</b>              | <b>Computing &amp;<br/>Data<br/>Utilization</b> | <b>Digitalization</b> | <b>Clouds,<br/>Software and<br/>Services</b> | <b>Other<br/>products</b> | <b>Reconciliation<br/>and eliminations</b> | <b>Total</b>      |
| Revenue               |   |   |                       |  |                           |  |                   |
| Revenue from external |   |   |                       |  |                           |  |                   |
| customers             | \$ 3,768,168                                | 5,405,892                                       | 1,643,224             | 1,011,619                                    | 171,818                   | -  | 12,000,721        |
| Intersegment revenues | 17,467                                      | 36,614  | 2,711                 | 24,509                                       | -                         | (81,301)                                   | -                 |
| Total revenue         | <u>\$ 3,785,635</u>                         | <u>5,442,506</u>                                | <u>1,645,935</u>      | <u>1,036,128</u>                             | <u>171,818</u>            | <u>(81,301)</u>                            | <u>12,000,721</u> |
| Gross profit          | <u>\$ 453,033</u>                           | <u>541,273</u>                                  | <u>135,591</u>        | <u>406,578</u>                               | <u>32,453</u>             | <u>306</u>                                 | <u>1,569,234</u>  |

(c) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets.

Revenue from the external customers:

| <b>Geographic information</b> | <b>For the years ended December 31</b> |                   |
|-------------------------------|--|-------------------|
|                               | <b>2022</b>                            | <b>2021</b>       |
| Taiwan                        | \$ 11,518,738                          | 11,189,861        |
| Africa                        | 562,081                                | 767,636           |
| Others                        | 32,206                                 | 43,224            |
| Total                         | <u>\$ 12,113,025</u>                   | <u>12,000,721</u> |

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Non-current assets:

| <u>Geographic information</u> | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|-------------------------------|------------------------------|------------------------------|
| Taiwan                        | \$ 1,261,568                 | 1,294,362                    |
| Africa                        | 127,418                      | 131,941                      |
| Total                         | <u>\$ 1,388,986</u>          | <u>1,426,303</u>             |

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets, and other assets, but excluding financial instruments and deferred income tax assets.

(d) Major customers

The Group' s revenues from a single customer did not exceed 10% of operating revenues in the statements of comprehensive income for the years ended December 31, 2022 and 2021, so the Group does not disclose any information on major customers.