CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2022 and 2021

(Stock Code 5203)

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Table of Contents

CYBERLINK CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. In addition, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

CyberLink Corp.

Huang, Jau-Hsiung

March 7, 2023

Independent Auditor's Report translated from Chinese

To the Board of Directors and Stockholders of CyberLink Corp.

Opinion

We have audited the accompanying consolidated balance sheets of CyberLink Corp. and subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2022 consolidated financial statements are stated as follows:

Accuracy of revenue recognition timing for online product downloads via partnering e-commerce platforms

Description

Please refer to Note 4(29) for the description of accounting policy on operating revenue and Note 6(22) for details of operating revenue.

The Group generates revenue through various sales types, including online product downloads via partnering e-commerce platforms, sales through channels, and bundled products sold with computer hardware. Among them, revenue generated from online products downloads via partnering e-commerce platforms accounts for 56.17% of the Group’s total revenue. After consumers downloaded products online to their devices such as computers and mobile phones, the Group obtains sales report regularly from the e-commerce platforms and recognizes sales revenue according to the rights and obligations stated in the agreements. As the frequency of sales reports provided by different e-commerce platforms differs, and the process of recognizing revenue usually involves manual operations, there may be differences in the timing of revenue recognition near the end of the financial reporting period, which could have a significant impact on the presentation of the consolidated financial statements. Therefore, we consider that the accuracy of revenue recognition timing for online product downloads via partnering e-commerce platforms is one of the key audit matters for this current fiscal year.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and tested the effectiveness of management's internal control procedures for the revenue recognition of sales through e-commerce platforms, including obtaining and reconciling sales reports provided by e-commerce platforms with licensing agreements to ensure that revenue recognitions properly recorded.
2. Conducted cut-off test for sales revenue from product downloaded via e-commerce platforms for a certain period before and after the end of the financial report period, including verifying sales reports and licensing agreements provided by e-commerce platforms and confirming that revenue recognition is recorded in appropriate period.

Fair value measurement of investments in unlisted stocks and bonds without active market

Description

Please refer to Note 4(7) for the accounting policies on unlisted stocks and bonds investments without active market, Note 5(2) for the accounting estimates and assumption uncertainty in relation to the measurement of fair value, and Note 12(3) for details of fair value of financial assets.

Unlisted stocks and bonds investments without active market are recognized as financial assets at fair value through profit or loss, and any changes in the fair value of these financial assets are recognized in profit or loss.

The abovementioned fair value estimates are subject to management's judgement and involve many assumptions and estimates having high uncertainty. Thus, we consider that the measurement of fair value of unlisted stocks and bonds investments without active market as one of the key audit matters for this fiscal year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and evaluated the Group's related policies and valuation process on the fair value measurement of unlisted stocks and bonds without active market.
2. Evaluated whether management adopted an adequate measurement method which was commonly adopted in the same industry and environment.
3. Obtained the valuation report from the expert appraiser, and performed the following procedures:
   (1) Examined inputs and calculation formulas used in valuation methods, reviewed information and documents in respect of the relevance and the reliability of data source and agreed such data to their supporting documents.
   (2) Evaluated the sensitivity analysis on assumptions and inputs executed by management to ensure that management has adequately managed the impact of the estimates and assumptions uncertainty on the measurement of fair value.

Other matter - Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CyberLink Corp. as at and for the years ended December 31, 2022 and 2021.

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 the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission 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 auditors' 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 maintain 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 auditor's 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 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Huang, Chin-Lien

Certified Public Accountant

Lai, Chung-Hsi

March 7, 2023

Notes to Reader

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

The English version of the consolidated financial statements which used for translation are not audited by the CPA.

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	ASSETS	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,743,889	30	$ 1,102,879	28
1110	Current financial assets at fair value through profit or loss	6(2)	20,193	1	-	-
1136	Current financial assets at amortized cost	6(3)	122,840	2	692,000	17
1140	Current contract assets	6(22)	13,154	-	-	-
1170	Accounts receivable, net	6(5)	119,289	2	77,639	2
1200	Other receivables		3,838	-	1,988	-
1210	Other receivables - related parties	7	2,577	-	2,657	-
1220	Current income tax assets		17,974	-	43,923	1
130X	Inventories		6,088	-	5,215	-
1470	Other current assets		13,834	-	20,323	1
11XX	**Total current assets**		2,063,676	35	1,946,624	49
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	280,625	5	275,178	7
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	248	-	248	-
1535	Non-current financial assets at amortized cost	6(1)(3) and 8	-	-	5,000	-
1550	Investment accounted for using the equity method	6(6) and 7	1,746,287	30	-	-
1600	Property, plant and equipment, net	6(7)	437,460	8	454,649	12
1755	Right-of-use assets	6(8) and 7	10,879	-	4,585	-
1760	Investment property, net	6(10)	1,226,913	21	1,228,294	31
1780	Intangible asset		2,250	-	2,057	-
1840	Deferred income tax assets	6(30)	49,102	1	43,632	1
1900	Other non-current assets		6,801	-	4,256	-
15XX	**Total non-current assets**		3,760,565	65	2,017,899	51
1XXX	**Total assets**		$ 5,824,241	100	$ 3,964,523	100

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2130	Current contract liabilities	6(22)	$ 258,117	4	$ 188,350	5
2170	Accounts payable	6(11)	54,967	1	54,723	2
2200	Other payables	6(12)	343,211	6	366,321	9
2230	Income tax payable		2,730	-	3,618	-
2280	Current lease liabilities	6(8) and 7	5,512	-	3,670	-
2300	Other current liabilities	6(13)	42,844	1	53,113	1
21XX	**Total current liabilities**		707,381	12	669,795	17
	Non-current liabilities					
2550	Non-current provisions	6(14)	389,716	7	492,174	12
2570	Deferred income tax liabilities	6(30)	8,451	-	17,948	1
2580	Non-current lease liabilities	6(8) and 7	5,761	-	884	-
2600	Other non-current liabilities	6(15)(16)	63,190	1	77,265	2
25XX	**Total non-current liabilities**		467,118	8	588,271	15
2XXX	**Total Liabilities**		1,174,499	20	1,258,066	32
	Equity					
	Equity attributable to shareholders of the parent					
	Capital Stock	6(18)				
3110	Common stock		789,418	13	773,533	20
	Capital surplus	6(19)				
3200	Capital surplus		2,468,920	43	703,016	17
	Retained earnings	6(20)				
3310	Legal reserve		1,092,794	19	1,192,548	30
3320	Special reserve		242,407	4	185,920	5
3350	Unappropriated earnings		226,504	4	93,847	2
	Other equity interest	6(21)				
3400	Other equity interest		(170,301)	(3)	(242,407)	(6)
31XX	**Equity attributable to shareholders of the parent**		4,649,742	80	2,706,457	68
3XXX	**Total equity**		4,649,742	80	2,706,457	68
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(8)(9) and 7				
3X2X	**Total liabilities and equity**		$ 5,824,241	100	$ 3,964,523	100

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars
(Except earnings (loss) per share, which is in dollars)

			Year ended December 31			
			2022		2021	
	Item	Notes	Amount	%	Amount	%
4000	Net revenue	6(22)	$ 1,691,200	100	$ 1,577,069	100
5000	Operating costs	6(23)(28)	(228,877)	(13)	(255,296)	(16)
5900	Gross profit		1,462,323	87	1,321,773	84
	Operating expenses	6(16)(28)(29) and 7				
6100	Sales and marketing expenses		(624,359)	(37)	(531,170)	(34)
6200	General and administrative expenses		(107,884)	(6)	(117,621)	(8)
6300	Research and development expenses		(532,836)	(32)	(476,100)	(30)
6000	Total operating expenses		(1,265,079)	(75)	(1,124,891)	(72)
6900	Operating income		197,244	12	196,882	12
	Non-operating income and expenses					
7100	Interest income	6(3)(24)	19,881	1	2,052	-
7010	Other income	6(9)(10)(25) and 7	71,174	4	129,404	8
7020	Other gains or losses	6(2)(26)	22,117	1	(33,580)	(2)
7050	Financial costs	6(8)(27) and 7	(82)	-	(148)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	(89,400)	(5)	(796,163)	(50)
7000	Total non-operating income and expenses		23,690	1	(698,435)	(44)
7900	**Income (loss) before income tax**		220,934	13	(501,553)	(32)
7950	Income tax expenses	6(30)	(37,309)	(2)	(61,213)	(4)
8200	**Net income (loss)**		$ 183,625	11	($ 562,766)	(36)
	Other comprehensive (loss) income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurement of defined benefit plans	6(16)	$ 7,929	-	($ 246)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(4)(21)	-	-	(61)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(1,586)	-	49	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		6,343	-	(258)	-
	Components of other comprehensive income that will be reclassified to profit or loss subsequently					
8361	Exchange differences arising on translation of foreign operations	6(21)	63,421	4	(45,909)	(3)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)(21)	7,654	-	(10,517)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss subsequently		71,075	4	(56,426)	(3)
8300	**Other comprehensive income (net)**		$ 77,418	4	($ 56,684)	(3)
8500	**Total comprehensive income (loss)**		$ 261,043	15	($ 619,450)	(39)
	Net income (loss), attributable to:					
8610	Shareholders of the parent		$ 183,625	11	($ 562,766)	(36)
	Total comprehensive income (loss), attributable to:					
8710	Shareholders of the parent		$ 261,043	15	($ 619,450)	(39)
	Earnings (loss) per share	6(31)				
9750	Basic earnings (loss) per share		$	2.34	($	7.21)
9850	Diluted earnings (loss) per share		$	2.33	($	7.21)

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

		Equity attributable to shareholders of the parent								
				Retained Earnings			Other equity interest			
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total
Year 2021										
Balance at January 1, 2021		$ 826,003	$ 1,177,301	$ 1,192,548	$ 129,240	$ 891,491	($ 173,686)	($ 12,234)	($ 214,507)	$ 3,816,156
Net loss for 2021		-	-	-	-	(562,766)	-	-	-	(562,766)
Other comprehensive loss for 2021	6(21)	-	-	-	-	(197)	(56,426)	(61)	-	(56,684)
Total comprehensive loss for 2021		-	-	-	-	(562,963)	(56,426)	(61)	-	(619,450)
Distribution of 2020 earnings	6(20)									
Special reserve		-	-	-	56,680	(56,680)	-	-	-	-
Cash dividends		-	-	-	-	(177,745)	-	-	-	(177,745)
Purchase of treasury share	6(18)	-	-	-	-	-	-	-	(364,255)	(364,255)
Retirement of treasury share	6(18)(19)(32)	(60,000)	(518,762)	-	-	-	-	-	578,762	-
Exercise of employee stock options	6(18)(19)	7,530	25,894	-	-	-	-	-	-	33,424
Change in net equity of associates accounted for using the equity method	6(19)	-	18,583	-	-	(256)	-	-	-	18,327
Balance at December 31, 2021		$ 773,533	$ 703,016	$ 1,192,548	$ 185,920	$ 93,847	($ 230,112)	($ 12,295)	$ -	$ 2,706,457
Year 2022										
Balance at January 1, 2022		$ 773,533	$ 703,016	$ 1,192,548	$ 185,920	$ 93,847	($ 230,112)	($ 12,295)	$ -	$ 2,706,457
Net income for 2022		-	-	-	-	183,625	-	-	-	183,625
Other comprehensive income for 2022	6(21)	-	-	-	-	6,343	71,075	-	-	77,418
Total comprehensive income for 2022		-	-	-	-	189,968	71,075	-	-	261,043
Distribution of 2021 earnings:	6(20)									
Special reserve		-	-	-	56,487	(56,487)	-	-	-	-
Share-based payment transactions	6(19)	-	9,061	-	-	-	-	-	-	9,061
Exercise of employee stock options	6(18)(19)	15,885	54,009	-	-	-	-	-	-	69,894
Change in net equity of associates accounted for using the equity method	6(19)(21)	-	1,738,426	-	-	(824)	1,031	-	-	1,738,633
Distribution of cash dividend through legal reserve	6(20)	-	-	(99,754)	-	-	-	-	-	(99,754)
Distribution of cash dividend through capital surplus	6(20)	-	(35,592)	-	-	-	-	-	-	(35,592)
Balance at December 31, 2022		$ 789,418	$ 2,468,920	$ 1,092,794	$ 242,407	$ 226,504	($ 158,006)	($ 12,295)	$ -	$ 4,649,742

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31 2022	2021
Cash flows from operating activities			
Profit (loss) before tax		$ 220,934	($ 501,553)
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets at fair value through profit or loss	6(2)(26)	20,505	(11,511)
Depreciation expense	6(7)(8)(10)	29,286	31,496
Amortization expense	6(28)	3,083	3,039
Interest income	6(24)	(19,881)	(2,052)
Dividend income	6(25)	-	(14,164)
Interest expenses	6(8)(27)	82	148
Loss on scrapping of property, plant, and equipment	6(26)	190	3,173
Share of loss of associates and joint ventures accounted for using equity method	6(6)	89,400	796,163
Overdue other payables transferred to revenue	6(25)	(5)	(33,862)
Gain on lease modification	6(8)(26)	-	(48)
Loss on liquidation of subsidiaries	6(26)	-	11,993
Cost of employee stock options	6(17)(29)	9,066	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(29,117)	(14,376)
Refund of capital reduction of financial assets at fair value through profit or loss	6(2)	5,945	9,280
Accounts receivable		(41,907)	14,771
Current contract assets		(13,154)	-
Other receivables		660	(1,059)
Other receivables-related parties		52	188
Inventories		(873)	1,418
Other current assets		6,289	10,392
Changes in operating liabilities			
Current contract liabilities		69,770	58,218
Accounts payable		(456)	(19,036)
Other payables		(30,531)	(7,951)
Other payables - related parties		-	(435)
Other current liabilities		(9,015)	(4,727)
Provisions		(102,458)	(11,858)
Other non-current liabilities		(5,375)	(724)
Cash inflow generated from operations		202,490	316,923
Interest received		17,376	2,252
Dividends received		-	14,164
Interest paid		(82)	(148)
Dividends paid		(135,346)	(177,745)
Income tax paid		(55,593)	(50,721)
Income tax returned		26,851	-
Net cash inflow from operating activities		55,696	104,725

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31 2022	2021
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 1,228,400)	($ 1,397,840)
Proceeds from disposal of financial assets at amortized cost		1,802,560	1,673,360
Acquisition of investments accounted for using the equity method	6(6)	(89,400)	-
Acquisition of property, plant and equipment	6(7)	(10,467)	(8,611)
Acquisition of intangible assets		(3,276)	(2,980)
(Increase) decrease in refundable deposits		(2,524)	5,396
Net cash inflow from investing activities		468,493	269,325
Cash flows from financing activities			
(Decrease) in deposits received	6(33)	(771)	(7,039)
Repayment of the principal portion of lease liabilities	6(8)(33)	(4,818)	(6,731)
Exercise of employee stock options		69,894	33,424
Acquisition of treasury shares		-	(364,255)
Net cash inflow from (used in) financing activities		64,305	(344,601)
Effects of changes in exchange rates of foreign currency holding		52,516	(46,454)
Net increase (decrease) in cash and cash equivalents		641,010	(17,005)
Cash and cash equivalents at beginning of year		1,102,879	1,119,884
Cash and cash equivalents at end of year		$ 1,743,889	$ 1,102,879

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

Unit: Amounts expressed in thousands of New Taiwan Dollars
(EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

CyberLink Corp. (the "Company") was incorporated under the Company Law of the Republic of China (R.O.C.) in August 1990. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design and sale of computer software. The Securities and Futures Commission of the Republic of China had approved the Company's shares to be listed on the GreTai Securities Market (formerly Over-The-Counter Securities Exchange) and the shares started trading on October 11, 2000. The Company's shares have been listed on the Taiwan Stock Exchange Corporation since September 27, 2004.

2. The Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

The consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendment to IFRS 16 'Lease Liabilities in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Financial assets at fair value through other comprehensive income.
   (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

1. Basis for preparation of the consolidated financial statements:
   (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.
   (d) Changes in parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of Investor	Name of Subsidiary	Major Operating Activities	December 31, 2022	December 31, 2021	Description
CyberLink Corp.	CyberLink.Com Corp. (CyberLink-USA)	Sale of software	100%	100%	
CyberLink Corp.	CyberLink Europe B.V. (CyberLink-B.V.)	Sale of software	-	-	Note 1
CyberLink Corp.	CyberLink International Technology Corp. (CyberLink-B.V.I)	Investment activities	100%	100%	Note 2
CyberLink Corp.	CyberLink Inc. (CyberLink-Japan)	Sale of software	100%	100%	

Note 1: CyberLink-B.V. ceased its operating activities on October 31, 2020 and the business was closed as resolved by the Board of Directors on December 31, 2020. The business deregistration has been applied in January 2021 and was completely dissolved on May 31, 2021.

Note 2: Based on the consideration of future strategic development purpose and the pursuit of maximum efficiency of the Group's operation, the Group increased the capital of its subsidiary, CyberLink-B.V.I, by cash amounting to US$3 million (approximately NT$89,910) in August 2022, and the capital increase procedures have been completed.

3. Subsidiaries not included in the consolidated financial statements:

None.

4. Adjustments for subsidiaries with different balance sheet dates:

None.

5. Significant restrictions:

   None.

6. Subsidiaries that have non-controlling interests that are material to the Group:

   None.

(4) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(5) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NT$), which is the Company's functional and the Group's presentation currency.

1. Foreign currency transactions and balances
   (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
   (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
   (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.
2. Translation of foreign operations

   The operating results and financial position of all the Group's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

   (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(6) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

   (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

   (b) Assets held mainly for trading purposes;

   (c) Assets that are expected to be realized within twelve months from the balance sheet date;

   (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

   Assets that do not meet any of above criteria are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

   (a) Liabilities that are expected to be settled within the normal operating cycle;

   (b) Liabilities arising mainly from trading activities;

   (c) Liabilities that are to be settled within twelve months from the balance sheet date;

   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   Liabilities that do not meet any of above criteria are classified as non-current liabilities.

(7) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

3. At initial recognition, the Group measures these financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures these financial assets at fair value, and recognizes the gain or loss in profit or loss.

4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

   The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
   (b) The assets' contractual cash flows represent solely payments of principal and interest.
2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
3. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts receivable

1. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

Financial assets are derecognized when one of the following criteria is met:
1. The contractual rights to receive cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using the equity method - associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group’s share of its associates’post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over

this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	30–50 years
Building improvements	2–15 years
Machinery and equipment	3 years
Office equipment	2–8 years

(17) Leasing arrangements (lessee)-right-of-use assets / lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(19) Intangible asset

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 years.

(20) Impairment of financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(21) Accounts payable

1. Accounts payable are liabilities for purchases of goods or services and accounts payable are those resulting from operating and non-operating activities.
2. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(24) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pensions

   (a) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

   (b) Defined benefit plans

   i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

   ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Employees' compensation and directors' remuneration

   Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(27) Capital Stock

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, which is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

1. The Group sells computer software products. Revenue arising from the sales of software products to hardware firms to be bundled with its hardware products is recognized when the Group has delivered the software to the hardware firms, or based on the sales report provided by the hardware firms periodically to the Group in regards to the sales of its hardware products bundled with the software produced by the Group. The sales report is usually

provided to the Group in the next quarter of its hardware sales. Revenue arising from the sales of software to distributors or retailers should be recognized when the Group has delivered the software to distributors or retailers. Revenue arising from the sales of software through online channels should be recognized based on the sales report provided by these online channels, which is usually provided to the Group in the next month after the sales of the software. The sales usually are made with a credit term of 30 to 90 days. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

2. The Group entered into a contract with a customer to grant a license of computer software to the customer. The Group recognizes the revenue from licensing either at a point in time or over time based on the nature of the license granted. The nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the computer software to the customer, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The income arising from these licenses are recognized as revenue on a straight-line basis throughout the contract period. Customers make payments based on agreed schedule, and the excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognized when transferring the license to a customer at a point in time.
3. It is the Group's policy to sell its products to the end customers with a right of return. Therefore, a refund liability (shown as other current liabilities) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each balance sheet date.
4. The Group occasionally provides debug program to customers, which can be downloaded through the internet for free. This service is not an obligation of the sale nor does it increase the main functions of the product. Therefore, service costs and liabilities relating to this service are accrued upon the sale of the product; this service would not affect the amount of revenue of the product.
5. Cost of goods sold comprises packaging cost, production cost, royalty paid to third party, service cost of platform payment, provision for royalty liability, inventory valuation and obsolescence loss, etc.

(30) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires the management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Financial assets - fair value measurement of unlisted stocks and bonds without active market

The fair value of unlisted stocks and bonds held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks and bonds. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2022, the carrying amounts of unlisted stocks and bonds without active market were $34,497 and $246,376, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 50	$ 50
Checking accounts	74,350	507,291
Demand deposits	441,089	595,538
Time deposits	1,228,400	-
	$ 1,743,889	$ 1,102,879

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. In addition, due to the sale of license of Service Software in April 2020, the buyer and the

seller shall prepay the contract amount to the Company and the Company shall pledge an equivalent amount of time deposits as collateral according to the agreement, and the contract expired on April 15, 2022, also relevant payments were refunded. As of December 31, 2022 and 2021, the balances of restricted cash, recognized in the "Non-current financial assets at amortized cost", were $0 and $5,000, respectively.

(2) Current and non-current financial assets at fair value through profit or loss

Item	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market funds	$ 20,085	$ -
Valuation adjustment	108	-
	$ 20,193	$ -
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	$ 274,426	$ 241,842
Unlisted stocks	23,470	29,415
Subtotal	297,896	271,257
Valuation adjustment	(17,271)	3,921
	$ 280,625	$ 275,178

1. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	($ 23,211)	$ 10,680
Money market funds	193	150
Unlisted stocks	2,513	681
	($ 20,505)	$ 11,511

2. The Group received proceeds from capital reduction of an investee in the amount of $5,945 and $9,280 at July 2022 and July 2021, respectively. The Group received part of invested cost from disposal of some investment target of an investee in the amount of $12,528 in August 2021.

3. The Group has no financial assets at fair value through profit or loss pledged to others.

4. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Current and non-current financial assets at amortized cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposits with original maturity of more than three months	$ 122,840	$ 692,000
Non-current items:		
Time deposits pledged to others as collateral	$ -	$ 5,000

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	$ 11,836	$ 1,946

2. As at December 31, 2022 and 2021, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were $122,840 and $697,000, respectively.
3. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
4. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's time deposit investment are financial institution with high credit quality, so it expects that the probability of counterparty default is remote.

(4) Non-current Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Unlisted stocks	$ 12,678	$ 11,920
Valuation adjustment	(12,430)	(11,672)
	$ 248	$ 248

1. The Group has elected to classify unlisted stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair values of such investments as of December 31, 2022 and 2021 both amounted to $248.
2. Amount recognized in other comprehensive loss in relation to the financial assets at fair value through other comprehensive loss is listed below:

	Year ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive loss		
Fair value change recognized in other comprehensive loss	$ -	($ 61)

3. As at December 31, 2022 and 2021, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were both $248.
4. The Group has no financial assets at fair value through other comprehensive income pledged to others.
5. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 119,289	$ 77,639

1. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not Past Due	$ 100,699	$ 76,109
Past Due		
Up to 30 days	14,003	649
31 to 90 days	4,092	446
Over 91 days	495	435
	$ 119,289	$ 77,639

The above ageing analysis was based on past due date.

2. As of December 31, 2022 and 2021, accounts receivable were all both from contracts with customers. And as of January 1, 2021, the balance of accounts receivable from contracts with customers amounted to $99,780.
3. As of December 31, 2022 and 2021, without taking into consideration other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were $119,289 and $77,639, respectively.
4. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investment accounted for using the equity method

	2022	2021
At January 1	$ -	$ 788,353
Addition of investments	89,400	-
Share of loss of investments accounted for using the equity method	(89,400)	(796,163)
Changes in capital surplus (Note 6(19))	1,738,426	18,583
Changes in other equity items (Note 6(21))	8,685	(10,517)
Changes in undistributed earnings	(1,031)	-
Actuarial gains or losses	207	(256)
At December 31	$ 1,746,287	$ -

The Group's shareholding ratio in Perfect Corp. (Cayman) decreased from 38.30% to 38.10% as the employees of Perfect Corp. exercised their employee stock options on September 27, 2021.

The Group's shareholding ratio in Perfect Corp. (Cayman) decreased from 38.10% to 38.08% as the employees of Perfect Corp. exercised their employee stock options on December 19, 2021.

The Group's shareholding ratio in Perfect Corp. (Cayman) decreased from 38.08% to 36.30% as the employees of Perfect Corp. exercised their employee stock options on January 24, 2022.

The business combination of Perfect Corp. (Cayman) was completed with its shares listed at Eastern Time on October 28, 2022. Prior to the business combination and listing, all the preference share liabilities issued by Perfect Corp. (Cayman) were converted into common stock through conversion and capital increase procedures. As a result, the Group's shareholding ratio in Perfect Corp. (Cayman) decreased from 36.30% to 31.25%. On October 29, 2022, the equity value of Perfect Corp. (Cayman) was positive. The Group recognized a capital surplus of-not in proportion stake ratio amounted to $1,709,253 due to the aforementioned transaction.

1. The basic information of the associate is as follows:

Company Name	Principal place of business	Shareholding ratio December 31, 2022	Shareholding ratio December 31, 2021	Nature of relationship	Method of Measurement
Perfect Corp. (Cayman)	Cayman	31.25%	38.08%	Investments accounted for using the equity method	Equity method

2. The summarized financial information on the Group's associates is as follows:

	Perfect Corp.(Cayman) December 31, 2022	Perfect Corp.(Cayman) December 31, 2021
Current assets	$ 6,423,725	$ 2,421,346
Non-current assets	33,766	39,510
Total assets	6,457,491	2,460,856
Current liabilities	(765,186)	(421,560)
Non-current liabilities	(104,186)	(4,265,004)
Total Liabilities	(869,372)	(4,686,564)
Total net assets	5,588,119	($ 2,225,708)
Share in associate's net assets	$ 1,746,287	$ -

	Perfect Corp.(Cayman) Year ended December 31 2022	Perfect Corp.(Cayman) Year ended December 31 2021
Revenue	$ 1,283,181	$ 1,195,498
Loss for the period from continuing operations	(4,946,353)	(4,339,606)
Other comprehensive loss, (net of tax)	(32,257)	(29,800)
Total comprehensive loss	($ 4,978,610)	(4,369,406)

3. The Group holds a 31.25% equity interest in Perfect Corp. (Cayman). Given that other major shareholders jointly hold more voting rights than the Group and the Group appointed only one out of seven directors, both of which indicates that the Group has no current ability to direct the relevant activities of Perfect Corp. (Cayman), the Group has no control, but only has significant influence, over Perfect Corp. (Cayman).

4. On March 3, 2022, the Board of Directors of the Group approved to authorize the Chairman of the Company to approve the business combination of Perfect Corp. (Cayman) of the subsidiary, CyberLink-B.V.I. with the U.S. listed company Provident Acquisition Corp (Cayman). After the business combination, Perfect Corp. (Cayman) was the surviving entity listed on NASDAQ of the United States. In September 2022, both the parties of the business combination agreed to change the listing and trading to the New York Stock Exchange (the "NYSE") due to consideration of the Company's strategic development and promote the interests of shareholders. After the combination and completion of listing processes, Perfect Corp. (Cayman) will be the surviving entity of listing. The registration application documents related to the business combination and listing have been reviewed by the U.S. Securities and Exchange Commission (the "SEC") and declared effective at Eastern Time on September 30, 2022. Provident Acquisition Corp. (Cayman) held an extraordinary general meeting of its shareholders (the "EGM") at Eastern Time on October 25, 2022 to approve the business combination, which was took effect at Eastern Time on October 28, 2022.

   In the fourth quarter of 2021, the Perfect Corp. (Cayman) had a massive deficit amount on account after valuation of preference share liabilities which were issued by Perfect Corp. (Cayman) based on the business value of aforementioned combination transaction. Therefore, on December 31, 2021, the net equity was negative. According to the regulation, the Group will not further recognize losses when the share of losses in an associate equals or exceeds its equity interest in the associate, thus, the Group's recognition on the investment in an associate will stop at $0.

5. For the Group's future strategic development purpose, on March 3, 2022, the Board of Directors of the Company approved acquiring 3 million common shares issued by the subsidiary, CyberLink-B.V.I., for capital increase, with a par value of US$1, the total acquisition amount was US$3 million (approximately NTD 89,910). In addition, the subsidiary, CyberLink-B.V.I. made a simultaneous investment in the common shares issued by Perfect Corp. (Cayman) at a rate of US$10 per share. The total investment was amounted to US$3 million (approximately NTD 89,400). The capital increase for the subsidiary CyberLink-B.V.I. has been executed, while and the capital increase for the associate, Perfect Corp. (Cayman) was completed at Eastern Time on October 28, 2022.

6. The fair value of the Group's investments accounted for using equity method with publicly quoted market prices is as follows:

	December 31, 2022
Perfect Corp.(Cayman)	$ 8,104,408

(7) Property, plant and equipment, net

	2022				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	$ 334,441	$ 157,144	$ 28,966	$ 3,847	$ 524,398
Accumulated depreciation	-	(48,995)	(17,654)	(3,100)	(69,749)
	$ 334,441	$ 108,149	$ 11,312	$ 747	$ 454,649
At January 1	$ 334,441	$ 108,149	$ 11,312	$ 747	$ 454,649
Additions	-	6,713	3,382	372	10,467
Costs of disposal	-	(7,235)	(5,425)	(2,635)	(15,295)
Accumulated depreciation on disposal	-	7,235	5,425	2,445	15,105
Reclassification - cost (Note)	-	(13,557)	-	-	(13,557)
Reclassification - accumulated depreciation (Note)	-	3,301	-	-	3,301
Depreciation expense	-	(6,930)	(5,242)	(234)	(12,406)
Net exchange differences	(3,831)	(967)	(6)	-	(4,804)
At December 31	$ 330,610	$ 96,709	$ 9,446	$ 695	$ 437,460
At December 31					
Cost	$ 330,610	$ 142,009	$ 26,869	$ 1,789	$ 501,277
Accumulated depreciation	-	(45,300)	(17,423)	(1,094)	(63,817)
	$ 330,610	$ 96,709	$ 9,446	$ 695	$ 437,460

Note: The Company sublet some real estate in January 2022, so the buildings (including accumulated depreciation) were transferred to “Investment property.”

	2021				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	$ 351,372	$ 165,003	$ 29,162	$ 4,298	$ 549,835
Accumulated depreciation	-	(45,679)	(16,717)	(3,585)	(65,981)
	$ 351,372	$ 119,324	$ 12,445	$ 713	$ 483,854
At January 1	$ 351,372	$ 119,324	$ 12,445	$ 713	$ 483,854
Additions	-	3,901	4,412	298	8,611
Costs of disposal	-	(7,146)	(4,347)	(514)	(12,007)
Accumulated depreciation on disposal	-	4,006	4,347	481	8,834
Depreciation expense	-	(7,750)	(5,514)	(162)	(13,426)
Net exchange differences	(16,931)	(4,186)	(31)	(69)	(21,217)
At December 31	$ 334,441	$ 108,149	$ 11,312	$ 747	$ 454,649
At December 31					
Cost	$ 334,441	$ 157,144	$ 28,966	$ 3,847	$ 524,398
Accumulated depreciation	-	(48,995)	(17,654)	(3,100)	(69,749)
	$ 334,441	$ 108,149	$ 11,312	$ 747	$ 454,649

(8) Leasing arrangements lessee

1. The Group leases various assets including offices and transportation equipment. Rental contracts for the years ended December 31, 2022 and 2021 are typically made for periods from 2020 to 2025 and from 2019 to 2023, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may neither be used as security for borrowing purposes nor have its rights transferred to others in other forms such as business transfer and combination.
2. Short-term leases with a lease term of 12 months or less comprise leased offices in America.
3. The information of right-of-use assets is as follows:

	2022		
	Buildings	Transportation equipment	Total
At January 1			
Cost	$ 8,663	$ 3,921	$ 12,584
Accumulated depreciation	(6,256)	(1,743)	(7,999)
	$ 2,407	$ 2,178	$ 4,585
At January 1	$ 2,407	$ 2,178	$ 4,585
Additions - Newly added lease contracts	11,537	-	11,537
Cost of derecognition of assets	(8,663)	-	(8,663)
Accumulated depreciation as of the date of derecognition	8,663	-	8,663
Depreciation expense	(3,936)	(1,307)	(5,243)
At December 31	$ 10,008	$ 871	$ 10,879
At December 31			
Cost	$ 11,537	$ 3,921	$ 15,458
Accumulated depreciation	(1,529)	(3,050)	(4,579)
	$ 10,008	$ 871	$ 10,879

	2021		
	Buildings	Transportation equipment	Total
At January 1			
Cost	$ 21,675	$ 3,921	$ 25,596
Accumulated depreciation	(7,164)	(436)	(7,600)
	$ 14,511	$ 3,485	$ 17,996
At January 1	$ 14,511	$ 3,485	$ 17,996
Lease modification	(6,013)	-	(6,013)
Depreciation expense	(5,393)	(1,307)	(6,700)
Net exchange differences	(698)	-	(698)
At December 31	$ 2,407	$ 2,178	$ 4,585
At December 31			
Cost	$ 8,663	$ 3,921	$ 12,584
Accumulated depreciation	(6,256)	(1,743)	(7,999)
	$ 2,407	$ 2,178	$ 4,585

4. Lease liabilities relating to lease contracts:

	December 31, 2022	December 31, 2021
Total lease liabilities	$ 11,273	$ 4,554
Less: Current portion (shown as 'current lease liabilities')	(5,512)	(3,670)
	$ 5,761	$ 884

5. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 82	$ 148
Expense on short-term lease contracts	2,045	1,710
	$ 2,127	$ 1,858
Gain on lease modification	$ -	$ 48

6. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $6,945 and $8,589, respectively, which included expenses on short-term lease contracts of $2,045 and $1,710, interest expenses on lease liabilities of $82 and $148, and payments of lease liabilities of $4,818 and $6,731, respectively.

7. Please refer to Note 7 for the office leases with related parties.

(9) Leasing arrangements - lessor

1. Leases to unrelated parties

   The Group leases various assets including two short sections numbered 229 in Xihu Section in Neihu District of Taipei, 1F to 9F of Building-B of "Sun-Tech Plaza" located in Neihu District of Taipei, 5F of "Jiang-Ling Information" Building located in Xindian District of New Taipei City, and the office at Shiba Daimon in Tokyo, Japan. Rental contracts are typically made for a period between 1 and 10 years, and the lease of the office at Shiba Daimon in Tokyo, Japan was terminated on April 30, 2021. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may neither be used as security for borrowing purposes nor, in all or in part, be lent to others or corporates through sublease, sharing, transfer or any other forms.

2. Leases to related parties

   The Group leases various assets including the offices in 6F and 14F of the corporate office "Jiang-Ling Information" Building located in Xindian District of New Taipei City, and the office in Minato City, Tokyo, Japan. Rental contracts are typically made for periods of 1 ~ 2 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may neither be used as security for borrowing purposes nor, in all or in part, be lent to others or corporates through sublease, sharing, transfer or any other forms. Rents are collected at the beginning of next month.

3. For the years ended December 31, 2022 and 2021, the Group recognized rent income in the amounts of $64,959 and $72,774, respectively, based on the abovementioned operating lease agreements, which does not include variable lease payments.

4. The maturity analysis of the lease payments receivable under the operating leases is as follows:

	December 31, 2022	December 31, 2021
2022	$ -	$ 53,384
2023	55,533	36,713
2024	24,376	14,724
2025	4,159	207
2026	3,244	-
2027	811	-
	$ 88,123	$ 105,028

(10) Investment property

	2022		
	Land	Buildings	Total
At January 1			
Cost	$ 799,024	$ 579,913	$ 1,378,937
Accumulated depreciation	-	(150,643)	(150,643)
	$ 799,024	$ 429,270	$ 1,228,294
At January 1	$ 799,024	$ 429,270	$ 1,228,294
Reclassification - cost (Note)	-	13,557	13,557
Reclassification - accumulated depreciation (Note)	-	(3,301)	(3,301)
Depreciation expense	-	(11,637)	(11,637)
At December 31	$ 799,024	$ 427,889	$ 1,226,913
At December 31			
Cost	$ 799,024	$ 593,470	$ 1,392,494
Accumulated depreciation	-	(165,581)	(165,581)
	$ 799,024	$ 427,889	$ 1,226,913

Note: Please refer to note 6(7) for the description of the transfer from "Property, plant and equipment" to "Investment property."

	2021		
	Land	Buildings	Total
At January 1			
Cost	$ 799,024	$ 579,913	$ 1,378,937
Accumulated depreciation	-	(139,273)	(139,273)
	$ 799,024	$ 440,640	$ 1,239,664
At January 1	$ 799,024	$ 440,640	$ 1,239,664
Depreciation expense	-	(11,370)	(11,370)
At December 31	$ 799,024	$ 429,270	$ 1,228,294
At December 31			
Cost	$ 799,024	$ 579,913	$ 1,378,937
Accumulated depreciation	-	(150,643)	(150,643)
	$ 799,024	$ 429,270	$ 1,228,294

1. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2022	2021
Rental income from investment property	$ 61,240	$ 65,598
Direct operating expenses arising from the investment property that generated rental income during the months	$ 14,947	$ 15,257
Direct operating expenses arising from the investment property that did not generate rental income during the months	$ 1,682	$ 99

2. The fair values of the investment property held by the Group as of December 31, 2022, and 2021 were $2,523,850 and $2,071,041, respectively, which were estimated based on market trading prices of similar property in the areas nearby which belong to the Level 3 information.

(11) Accounts payable

	December 31, 2022	December 31, 2021
Royalty expense	$ 53,204	$ 52,460
Others	1,763	2,263
	$ 54,967	$ 54,723

(12) Other payables

	December 31, 2022	December 31, 2021
Payroll	$ 93,710	$ 90,297
Employees' compensation and directors' remuneration	73,893	28,068
Promotional fees	73,151	33,666
Royalty collection	54,541	134,798
Professional service fees	12,227	12,400
Employees' rewards	9,379	44,800
Other accrued expenses	23,719	22,292
Other payables	2,591	-
	$ 343,211	$ 366,321

(13) Other current liabilities

	December 31, 2022	December 31, 2021
Refund liability	$ 38,935	$ 46,502
Others	3,909	6,611
	$ 42,844	$ 53,113

(14) Provisions

	2022		
	Royalty	Cost of software bug-fixing	Total
At January 1	$ 486,653	$ 5,521	$ 492,174
Additional provisions	16,108	400	16,508
Unused amounts reversed	(27,150)	-	(27,150)
Provision for liabilities used in the current period	(149,756)	-	(149,756)
Net exchange differences	57,940	-	57,940
At December 31	$ 383,795	$ 5,921	$ 389,716

	2021		
	Royalty	Cost of software bug-fixing	Total
At January 1	$ 498,272	$ 5,760	$ 504,032
Additional provisions	21,524	-	21,524
Unused amounts reversed	(19,173)	(239)	(19,412)
Net exchange differences	(13,970)	-	(13,970)
At December 31	$ 486,653	$ 5,521	$ 492,174

Analysis of total provisions:

	December 31, 2022	December 31, 2021
Non-current	$ 389,716	$ 492,174

1. Royalty

   The Group estimates the possible royalty expenses based on the industry characteristics, other known events and management's judgement, and recognizes such expenses within 'cost of goods sold' when related products are sold. Any changes in industry circumstances might affect the provision for royalty liabilities. Provisions shall be paid when patent owner claims for payment.

2. Cost of software bug-fixing

   The Group provides software bug-fixing for program for free from time to time. The Group estimates relevant debug-fixing cost and liabilities and accounts for it as common product warranty obligations.

(15) Other non-current liabilities

	December 31, 2022	December 31, 2021
Accrued pension liabilities	$ 53,655	$ 66,959
Guarantee deposits received	9,535	10,306
	$ 63,190	$ 77,265

(16) Pension

1. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	($ 92,081)	($ 101,608)
Fair value of plan assets	38,426	34,649
Net defined benefit liability	($ 53,655)	($ 66,959)

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 101,608)	$ 34,649	($ 66,959)
Interest (expense) income	(707)	242	(465)
Past service costs	2,722	-	2,722
Gains or losses on settlement	2,238	-	2,238
	(97,355)	34,891	(62,464)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,655	2,655
Change in demographic assumptions	(188)	-	(188)
Change in financial assumptions	6,635	-	6,635
Experience adjustments	(1,173)	-	(1,173)
	5,274	2,655	7,929
Pension fund contribution	-	880	880
Balance at December 31	($ 92,081)	$ 38,426	($ 53,655)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 100,542)	$ 33,104	($ 67,438)
Interest (expense) income	(351)	116	(235)
	(100,893)	33,220	(67,673)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	469	469
Change in demographic assumptions	(726)	-	(726)
Change in financial assumptions	3,988	-	3,988
Experience adjustments	(3,977)	-	(3,977)
	(715)	469	(246)
Pension fund contribution	-	960	960
Balance at December 31	($ 101,608)	$ 34,649	($ 66,959)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.35%	0.70%
Future salary increases	3.00%	3.00%

The future mortality rates in 2022 and 2021 were estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 2,264)	$ 2,351	$ 2,307	($ 2,234)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 2,766)	$ 2,878	$ 2,805	($ 2,712)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the company for the year ending December 31, 2023 amount to $960.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 1,431
1-2 year(s)	19,398
3-5 years	9,083
Over 5 years	75,176
	$ 105,088

2. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $24,047 and $22,236, respectively.

(c) The pension costs under local pension regulations of the foreign subsidiaries for the years ended December 31, 2022 and 2021 were $3,209 and $3,461, respectively.

(17) Share-based payment

1. As of December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	July 26, 2022	2,000	7 years	2 years' service: exercise 50% 3 years' service: exercise 75% 4 years' service: exercise 100%
Employee stock options	August 25, 2015	5,000	7 years	2 years' service: exercise 50% 3 years' service: exercise 75% 4 years' service: exercise 100%

2. Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options (in thousands)	Weighted – average exercise price (in dollars)	No. of options (in thousands)	Weighted – average exercise price (in dollars)
Options outstanding on January 1	1,699	$ 44.00	2,452	$ 45.20
Options granted in the current period	2,000	89.50	-	-
Options exercised	(1,589)	44.00	(753)	44.39
Options lapsed in the current period	(110)	44.00	-	-
Options outstanding on December 31	2,000	87.70	1,699	44.00
Options exercisable on December 31	-		1,699	

3. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2022 and 2021 was $44.00 and $44.39 (in dollars), respectively.

4. As of December 31, 2022 and 2021, the range of exercise prices of stock options outstanding was $87.70 and $44.00 (in dollars), respectively; the weighted-average remaining contractual period was 6.57 years and 0.65 years, respectively.

5. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	July 26, 2022	$89.5	$89.5	32.10%	4.88	0.00%	1.06%	$ 26.4355

Note: The expected volatility is estimated by taking into account the historical trading data (days) of the Company's shares and using a sample interval equal to the expected duration of the stock option.

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	August 25, 2015	$54.0	$54.0	23.95%	4.875	0.00%	0.81%	$ 12.1117

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life and the standard deviation of return on the stock during this period.

6. Expenses arising from share-based payment transactions are as follows:

	2022	2021
Cost of employee stock options	$ 9,066	$ -

(18) Capital Stock

1. As of December 31, 2022, the Company's authorized capital was $1,610,000, consisting of 161,000 thousand shares of ordinary stock (including 21,000 thousand shares reserved for employee stock options), and the paid-in capital was $789,418 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

   Movements in the number (Shares in thousands) of the Company's ordinary shares outstanding are as follows:

	2022	2021
At January 1	77,353	82,600
Exercise of employee stock options	1,589	753
Shares retired	-	(6,000)
At December 31	78,942	77,353

2. Treasury shares

   (a) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

   (b) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

   (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

   (d) To enhance the Company's credit rating and the stockholders' equity, the Company's Board of Directors during its meeting on October 13, 2020 resolved to repurchase its shares from the stock exchange market during the period from October 14, 2020 to December 13, 2020. The Company completed the repurchase of treasury shares as of December 13, 2020, the number of repurchased shares was 2,000 thousand shares amounting to $207,639. The capital reduction is effective on January 5, 2021 and the registration of retirement of shares has been completed on January 21, 2021.

(e) To enhance the Company's credit rating and the stockholders' equity, the Company's Board of Directors during its meeting on December 25, 2020 resolved to repurchase its shares from the stock exchange market during the period from December 28, 2020 to February 26, 2021. The Company completed the repurchase of treasury shares as of February 26, 2021, the number of repurchased shares was 2,000 thousand shares amounting to $210,018. The capital reduction is effective on April 1, 2021 and the registration of retirement of shares has been completed on April 19, 2021.

(f) To enhance the Company's credit rating and shareholders' equity, the Company's Board of Directors during its meeting on July 8, 2021 resolved to repurchase its shares from the stock exchange market during the period from July 9, 2021 to September 8, 2021. The Company completed the repurchase of treasury shares as of September 8, 2021, the number of repurchased shares was 2,000 thousand shares amounting to $161,156 (including $51 handling fees discount). The capital reduction base date was November 1, 2021, and the registration of cancellation of shares was completed on December 13, 2021.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	$ 54,110	$ 20,909	$ 59,645	$ 568,352	$ 703,016
Exercise of employee stock options	74,419	(20,410)	-	-	54,009
Expired employee stock options in proportion to the Group's ownership	-	(499)	499	-	-
Share-based payment transactions	-	9,061	-	-	9,061
Distribution of cash through capital surplus	(35,592)	-	-	-	(35,592)
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	29,173	29,173
Recognition not in proportion to the Group's ownership (Note)	-	-	-	1,709,253	1,709,253
At December 31	$ 92,937	$ 9,061	$ 60,144	$2,306,778	$2,468,920

Note: Please refer to Note 6(6) for the recognition not in proportion to the Group's ownership.

	2021				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	$ 537,986	$ 29,901	$ 59,645	$ 549,769	$1,177,301
Exercise of employee stock options	34,886	(8,992)	-	-	25,894
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	19,364	19,364
Retirement of treasury shares	(518,762)	-	-	-	(518,762)
Recognition not in proportion to the Group's ownership	-	-	-	(781)	(781)
At December 31	$ 54,110	$ 20,909	$ 59,645	$ 568,352	$ 703,016

(20) Retained Earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, net of tax, shall first be used to offset prior year's operating losses (including adjustment amount of undistributed earnings), then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and setting aside or reversal for special reserve in accordance with the securities and Exchange Act. The Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at beginning of periods (including adjustment amount of undistributed earnings) for the approval of the shareholders.
2. The Company's dividend policy is aligned with the development plan for the present and the future taking into consideration investment environment, capital requirement, domestic and overseas competition condition and profit of shareholders. Annual distribution of stockholders' bonus should not be less than 50% of current distributable earnings, and may be in the form of stock dividend and cash dividend. Presently, the distribution of cash dividend should not be less than 20% of annual dividend appropriations, however, if the Company has significant plans for capital expenditures, after approval at the shareholders' meeting, cash dividends can be distributed lower than 20% of annual dividends appropriations.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. On March 29, 2022, the Board of Directors' meeting approved the loss appropriation proposal for 2021 to make up for the loss of the current year with $562,766 of retained earnings, and the shareholders' meeting subsequently resolved the loss appropriation proposal on June 21,

2022.

6. On March 29, 2022, the Board of Directors' meeting approved the proposed $135,346 cash distribution from $35,592 of capital surplus due to share issuance at a premium and from $99,754 of legal reserve. The proposal of cash distribution through such capital surplus was resolved in the shareholders' meeting on June 21, 2022.
7. On June 21, 2022 and July 26, 2021, the appropriation of 2021 and 2020 earnings were resolved at the stockholders' meeting as follows:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ -		$ -	
Special reserve	56,487		56,680	
Cash dividends	-	$ -	177,745	$ 2.26
Total	$ 56,487		$ 234,425	

The Company's legal reserve had exceeded paid-in capital, thus, according to laws, the Company could not appropriate legal reserve. When the Company appropriated earnings for the year ended December 31, 2020, it determined not to provision legal reserve.

(21) Other equity items

	2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	($ 12,295)	($ 230,112)	($ 242,407)
Currency translation:			
- Group	-	63,421	63,421
- Associates	-	7,654	7,654
- Change in net equity of associates accounted for using the equity method	-	1,031	1,031
At December 31	($ 12,295)	($ 158,006)	($ 170,301)

	2021		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	($ 12,234)	($ 173,686)	($ 185,920)
Revaluation			
- Group	(61)	-	(61)
Currency translation:			
- Group	-	(45,909)	(45,909)
- Associates	-	(10,517)	(10,517)
At December 31	($ 12,295)	($ 230,112)	($ 242,407)

(22) Net revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 1,691,200	$ 1,577,069

1. Disaggregation of revenue from contracts with customers

   The Group derives revenue from the transfer of goods and services rendered over time and at a point in time in the following major product lines and geographical regions:

	Taiwan		America		Japan		Other region		
Year ended December 31, 2022	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Total
Revenue from contracts with customers	$ 84,543	$ 61,773	$ 756,731	$ 194,891	$ 264,031	$ 187,893	$ 80,051	$ 61,287	$ 1,691,200
Timing of revenue recognition									
At a point in time	$ 49,849	$ 44,794	$ 486,260	$ 190,151	$ 121,849	$ 183,127	$ 27,733	$ 59,172	$ 1,162,935
Over time	34,694	16,979	270,471	4,740	142,182	4,766	52,318	2,115	528,265
	$ 84,543	$ 61,773	$ 756,731	$ 194,891	$ 264,031	$ 187,893	$ 80,051	$ 61,287	$ 1,691,200

	Taiwan		America		Japan		Other region		
Year ended December 31, 2021	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Total
Revenue from contracts with customers	$ 48,351	$ 49,759	$ 603,766	$ 216,569	$ 236,551	$ 261,348	$ 84,070	$ 76,655	$ 1,577,069
Timing of revenue recognition									
At a point in time	$ 20,950	$ 45,858	$ 417,396	$ 212,101	$ 146,397	$ 256,908	$ 39,955	$ 74,704	$ 1,214,269
Over time	27,401	3,901	186,370	4,468	90,154	4,440	44,115	1,951	362,800
	$ 48,351	$ 49,759	$ 603,766	$ 216,569	$ 236,551	$ 261,348	$ 84,070	$ 76,655	$ 1,577,069

2. Contract assets and contract liabilities

   (a) The Group has recognized the following revenue-related contract assets and contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets:			
Project contracts	$ 13,154	$ -	$ -
Contract liabilities:			
Advance sales receipts	$ 258,117	$ 188,350	$ 130,158

   (b) Revenue recognized that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	$ 188,093	$ 123,678

(23) Operating costs

	Year ended December 31	
	2022	2021
Service cost of platform	$ 113,557	$ 108,006
Royalty cost	106,502	136,458
Cost of goods sold	7,042	8,181
Others	1,776	2,651
	$ 228,877	$ 255,296

(24) Interest income

	Year ended December 31	
	2022	2021
Interest income from financial assets measured at amortized cost	$ 11,836	$ 1,946
Bank deposits	8,045	106
	$ 19,881	$ 2,052

(25) Other income

	Year ended December 31	
	2022	2021
Rental income	$ 64,959	$ 72,774
Service revenue (Note)	2,369	3,586
Grant income	47	1,167
Overdue accounts payable transferred to revenue	5	33,862
Dividend income	-	14,164
Compensation income	-	2,441
Other income - others	3,794	1,410
	$ 71,174	$ 129,404

Note: Please refer to Note 7(2)A.

(26) Other gains or losses

	Year ended December 31	
	2022	2021
Currency exchange gains (losses)	$ 59,349	($ 14,278)
Net (losses) gains on financial assets at fair value through profit or loss	(20,505)	11,511
Depreciation expenses on investment property	(11,637)	(11,370)
Loss on scrapping of property, plant, and equipment	(190)	(3,173)
Loss on liquidation of subsidiaries	-	(11,993)
Gain on lease modification	-	48
Others	(4,900)	(4,325)
	$ 22,117	($ 33,580)

(27) Financial costs

	Year ended December 31	
	2022	2021
Interest expense - lease liabilities	$ 82	$ 148

(28) Costs and expenses by nature

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 7,042	$ 8,181
Employee benefit expense	798,165	741,277
Promotional fees	303,922	229,099
Royalty cost	106,502	136,458
Service cost of platform	113,557	108,006
Professional service fees	57,844	57,266
Depreciation of property, plant and equipment	12,406	13,426
Product expenses	11,303	10,860
Depreciation of right-of-use assets	5,243	6,700
Amortization expenses	3,083	3,039
Others	74,889	65,875
Total cost of sales and operating expenses	$ 1,493,956	$ 1,380,187

(29) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and Salaries	$ 696,058	$ 651,147
Insurance fees	50,051	47,471
Pension costs	22,761	25,932
Cost of employee stock options	9,066	-
Directors' remuneration	6,658	3,525
Other personnel expenses	13,571	13,202
	$ 798,165	$ 741,277

1. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3.0% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.

2. For the years ended December 31, 2022 and 2021, employees' compensation and directors' remuneration were accrued as follows. The aforementioned amounts were recognized in salary expenses:

	Year ended December 31	
	2022	2021
Employees' compensation	$ 59,590	$ -
Directors' remuneration	3,150	-
	$ 62,740	$ -

For the year ended December 31, 2022, the employees' compensation was estimated and accrued at 20.90% of distributable profit for the current period, and the Directors' remuneration was estimated and accrued at 1.11% of distributable profit for the current period.

For the year ended December 31, 2021, the Company had losses before tax. According to the Company's Articles of Incorporation, the Company didn't estimate and accrue employees' compensation and directors' remuneration.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

1. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax expense recognized for the current period	$ 53,864	$ 34,202
Prior year income tax (over) under estimation	(2)	14,891
Total current tax	53,862	49,093
Deferred tax:		
Origination and reversal of temporary differences	(16,553)	12,120
Total deferred tax	(16,553)	12,120
Income tax expense recognized in profit or loss	$ 37,309	$ 61,213

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	($ 1,586)	$ 49

2. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit (loss) before tax and statutory tax rate (Note)	$ 33,767	($ 100,379)
Effects from items adjusted by tax regulation	41,979	155,268
Effects from non-deductible offshore income tax	1,570	1,566
Tax exempt income by tax regulation	(17)	(30)
Effect from investment tax credits	(48,022)	-
Prior year income tax (over) under estimation	(2)	14,891
Taxable loss not recognized as deferred income tax assets	8,034	1,816
Change in assessment of realization of deferred tax	-	(11,919)
Income tax expenses	$ 37,309	$ 61,213

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealized profit on intercompany sales	$ 4,237	($ 739)	$ -	$ 3,498
Unrealized profit on allowance for sales	16,443	2,492	-	18,935
Unrealized exchange losses	-	2,473	-	2,473
Provisions	4,305	3,222	-	7,527
Unrealized loss on decline in market value	578	(302)	-	276
Unused compensated absences	4,705	(170)	-	4,535
Cost of software bug-fixing	1,104	80	-	1,184
Actuarial gains and losses on pensions	12,260	-	(1,586)	10,674
Subtotal	43,632	7,056	(1,586)	49,102
-Deferred tax liabilities:				
Unrealized exchange gains	(9,497)	9,497	-	-
Gain on foreign investments accounted for using equity method	(8,451)	-	-	(8,451)
Subtotal	(17,948)	9,497	-	(8,451)
Total	$ 25,684	$ 16,553	($ 1,586)	$ 40,651

	Year ended December 31, 2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealized profit on intercompany sales	$ 4,429	($ 192)	$ -	$ 4,237
Unrealized profit on allowance for sales	20,710	(4,267)	-	16,443
Provisions	-	4,305	-	4,305
Unrealized loss on decline in market value	680	(102)	-	578
Unused compensated absences	4,213	492	-	4,705
Cost of software bug-fixing	1,152	(48)	-	1,104
Actuarial gains and losses on pensions	12,211	-	49	12,260
Subtotal	43,395	188	49	43,632
-Deferred tax liabilities:				
Unrealized exchange gains	(4,906)	(4,591)	-	(9,497)
Differences on depreciation	(734)	734	-	-
Gain on foreign investments accounted for using equity method	-	(8,451)	-	(8,451)
Subtotal	(5,640)	(12,308)	-	(17,948)
Total	$ 37,755	($ 12,120)	$ 49	$ 25,684

4. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2022	$ 26,924	$ 26,924	$ 26,924	No expiry date
2021	6,085	6,085	6,085	No expiry date
2020	28,113	28,113	28,113	No expiry date

December 31, 2021				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2021	$ 6,085	$ 6,085	$ 6,085	No expiry date
2020	28,113	28,113	28,113	No expiry date

5. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(31) Earnings (loss) per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 183,625	78,600	$ 2.34
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 183,625	78,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	142	
Employees' compensation	-	84	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 183,625	78,826	$ 2.33

	Year ended December 31, 2021		
	Amount after tax	Weighted average outstanding shares (share in thousands)	Loss per share (in dollars)
Basic/Diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 562,766)	78,006	($ 7.21)

For the year ended December 31, 2021, since the Company had net losses after tax, it will have anti-dilutive effect if the calculation includes potential common shares. Thus, the effects from potential common shares will not be included in the calculation of diluted deficits per share for the year ended December 31, 2021.

(32) Supplemental cash flow information

1. Investment activities with no cash flow effects:

	Year ended December 31	
	2022	2021
Transfer of property, plant and equipment to investment property	$ 10,256	$ -

2. Financing activities with no cash flow effects:

	Year ended December 31	
	2022	2021
Retirement of treasury share	$ -	$ 578,762

(33) Changes in liabilities from financing activities

	2022		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	$ 10,306	$ 4,554	$ 14,860
Changes in cash flow from financing activities	(771)	(4,818)	(5,589)
Addition - Newly added lease contracts	-	11,537	11,537
At December 31	$ 9,535	$ 11,273	$ 20,808

	2021		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	$ 18,321	$ 18,047	$ 36,368
Changes in cash flow from financing activities	(7,039)	(6,731)	(13,770)
Lease modification	-	(6,061)	(6,061)
Effects of changes in exchange rates of foreign currency holding	(976)	(701)	(1,677)
At December 31	$ 10,306	$ 4,554	$ 14,860

7. Related-Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Perfect Corp.(Cayman)	Associates
Perfect Mobile Corp. (Taiwan)	Associates (Subsidiary of Perfect Corp.(Cayman))
Perfect Corp.(Japan)	"
Perfect Corp.(USA)	"
ClinJeff Corp.	Other related parties

(2) Significant related party transactions and balances

1. Other receivables

	December 31, 2022	December 31, 2021
Service revenue:		
Perfect Mobile Corp. (Taiwan)	$ 507	$ 955
Rent income:		
Perfect Mobile Corp. (Taiwan)	661	661
Perfect Corp.(Japan)	750	776
	1,411	1,437
Payment on behalf of others		
Perfect Mobile Corp. (Taiwan)	627	226
Perfect Corp.(Japan)	32	39
	659	265
	$ 2,577	$ 2,657

The Group provides legal, management and technical related services to associates, and expenses were charged in accordance with the personnel costs related to the services that the Group provided. Service revenue for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31	
	2022	2021
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	$ 2,369	$ 3,586

2. Rental income (shown as other income)

	Year ended December 31	
	2022	2021
Perfect Mobile Corp. (Taiwan)	$ 7,566	$ 6,283
Perfect Corp.(Japan)	2,670	2,777
	$ 10,236	$ 9,060

The maturity analysis of the lease payments receivable under the operating leases is as follows; please refer to the explanation in note 6(9).

	December 31, 2022	December 31, 2021
2022	$ -	$ 7,556
2023	3,848	3,848
	$ 3,848	$ 11,404

3. Leasing arrangements lessee
   (a) The Group has leased the office from ClinJeff Corp. since May 2022, and the lease period is from 2022 to 2024 where the present value of cash payments was $2,762, calculated using the abovementioned lease period and discount rate. As of December 31, 2022, the accumulated depreciation recognized was $921.
   (b) Total lease liabilities
      (i) Ending balance

	December 31, 2022	December 31, 2021
ClinJeff Corp.	$ 1,965	$ -

      (ii) Interest expenses:

	Year ended December 31	
	2022	2021
ClinJeff Corp.	$ 23	$ -

4. Acquisition of financial assets
   Please refer to Note 6(5).

(3) Key management Salary information

	Year ended December 31	
	2022	2021
Short-term employee benefits	$ 48,442	$ 57,126
Post-employment benefits	612	604
	$ 49,054	$ 57,730

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Carrying amounts at		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Time deposits (recognized as non-current financial assets at amortized cost)	$ -	$ 5,000	Performance guarantee

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Except for those mentioned in Notes 6(8), 6(9) and 7, the Group has no other significant commitments.

10. Significant Disaster Loss

None.

11. Significant Events after the balance sheet date

None.

12. Others

(1) Capital management

The Group's objectives of capital management are to ensure the Group's sustainable operation and to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders. In order to maintain or adjust to optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

(2) Financial instruments

1. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current)	$ 300,818	$ 275,178
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 248	$ 248
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,743,889	$ 1,102,879
Financial assets at amortized cost (including current and non-current)	122,840	697,000
Accounts receivable	119,289	77,639
Other receivables (including related parties)	6,415	4,645
Guarantee deposits paid (recognized under other financial assets)	6,801	4,256
	$ 1,999,234	$ 1,886,419

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable	$ 54,967	$ 54,723
Other payables	343,211	366,321
Guarantee deposits received (recognized under other financial liabilities)	9,535	10,306
	$ 407,713	$ 431,350
Lease liabilities (including current and non-current)	$ 11,273	$ 4,554

2. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(b) Risk management is executed by the Group's treasury department under the policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

(i) The Group operates internationally and is exposed to the exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with USD, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

(ii) The Group's business involves some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD, JPY, and EUR). Significant financial assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2022			Year ended December 31, 2022		
				Sensitivity analysis		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 40,367	30.71	$ 1,239,671	1%	$ 12,397	$ -
EUR:NTD	267	32.72	8,736	1%	87	-
GBP:NTD	3	37.09	111	1%	1	-
USD:JPY	1,281	132.14	39,340	1%	393	-
Non-monetary items						
USD:NTD	57,979	30.71	1,780,536	1%	342	17,463
Financial liabilities						
Monetary items						
USD:NTD	1,184	30.71	36,361	1%	364	-
USD:JPY	1,363	132.14	41,858	1%	419	-

	December 31, 2021			Year ended December 31, 2021		
				Sensitivity analysis		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 37,295	27.68	$ 1,032,326	1%	$ 10,323	$ -
EUR:NTD	238	32.32	7,692	1%	77	-
GBP:NTD	13	37.30	485	1%	5	-
USD:JPY	4,139	115.09	114,588	1%	1,146	-
Non-monetary items						
USD:NTD	1,361	27.68	37,681	1%	377	-
Financial liabilities						
Monetary items						
USD:NTD	1,215	27.68	33,631	1%	336	-
USD:JPY	3,768	115.09	104,298	1%	1,043	-

(iii) The total exchange gains or losses, including realized and unrealized, arising from significant effects of foreign exchange fluctuation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 were a gain of $59,349 and a loss of $14,278, respectively.

Price risk

(i) The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group mainly invests in unlisted stocks, and the value of these equity instruments will be affected by the uncertainties from the future performance of the investment targets. If the prices of these equity instruments rises or falls by 1% while the other conditions remain unchanged, the increase or decrease of the net profit after tax for the years ended December 31, 2022 and 2021 due to equity instruments measured at fair value through profit or loss will increased or decreased by $274 and $302, respectively; the other comprehensive income will both increased or decreased by $2 from the increase or decrease of equity investments classified as measured at fair value through other comprehensive income.

<u>Cash flow and fair value interest rate risk</u>

(i) The Groups interest-bearing assets are mainly cash and cash equivalents and financial assets at amortized cost. The Group expects no significant cash flow interest rate risk on these assets as all their maturities are within 12 months.

(ii) The Group did not use any financial instruments to hedge interest rate risk.

(iii) There was no borrowing as of December 31, 2022 and 2021, and thus there was no interest rate risk arising from borrowings.

(b) Credit risk

(i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss.

(ii) The Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

(iii) The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

(iv) The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(A) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(B) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

(v) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(B) The disappearance of an active market for that financial asset because of financial difficulties;

(C) Default or delinquency in interest or principal repayments;

(D) Adverse changes in national or regional economic conditions that are expected to cause a default.

(vi) The Group classifies customers' accounts receivable in accordance with geographic area. The Group applies the modified approach using provision matrix to estimate expected credit loss.

(vii) The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable.

(viii) The Group has not recognized loss allowance for accounts receivable provided from applying the simplified approach because the amount was both immaterial for the years ended December 31, 2022 and 2021.

(c) Liquidity risk

(i) Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

(ii) Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and short-term marketable security, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021, the Group held money market position of $1,812,522 and $1,287,538, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

(iii) The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Within 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:			
Accounts payable	$ 54,967	$ -	$ -
Other payables	343,211	-	-
Lease liabilities (Note)	5,659	5,843	-
Other financial liabilities - guarantee deposits received	3,150	6,385	-

December 31, 2021	Within 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:			
Accounts payable	$ 54,723	$ -	$ -
Other payables	366,321	-	-
Lease liabilities (Note)	3,706	888	-
Other financial liabilities - guarantee deposits received	3,275	7,031	-

Note: The amount includes interest expected to be paid in the future.

(3) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the beneficiary certificates of the Group's investments belongs to this category.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in equity instruments and debt instruments without active market is included in Level 3.

2. Fair value information of investment property at cost is provided in Note 6(10).
3. The carrying amounts of the Group’s financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables (including related parties), financial assets at amortized cost, other financial assets (under other non-current assets), accounts payable, other payables and other financial liabilities (under other non-current liabilities)) are approximate to their fair values.
4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

   (a) The related information of natures of the assets is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
ASSETS				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 34,249	$ 34,249
Debt instruments	20,193	-	246,376	266,569
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	$ 20,193	$ -	$ 280,873	$ 301,066

December 31, 2021	Level 1	Level 2	Level 3	Total
ASSETS				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 37,681	$ 37,681
Debt instruments	-	-	237,497	237,497
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	$ -	$ -	$ 275,426	$ 275,426

(b) The methods and assumptions the Group used to measure fair value are as follows:

(i) The instruments which the Group used market quoted prices as their fair values (that is, Level 1) are listed below according to their characteristics:

	Open-end funds
Market quoted price	Net asset value

(ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(iii) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(iv) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

5. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

6. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022		
	Equity securities	Debt instruments	Total
At January 1	$ 37,929	$ 237,497	$ 275,426
Acquired in the year	-	9,117	9,117
Proceeds from capital reduction in the year	(5,945)	-	(5,945)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	2,513	(23,211)	(20,698)
Effect of exchange rate changes	-	22,973	22,973
At December 31	$ 34,497	$ 246,376	$ 280,873

	2021		
	Equity securities	Debt instruments	Total
At January 1	$ 46,589	$ 217,998	$ 264,587
Acquired in the year	-	27,054	27,054
Return of cost in the period	-	(12,528)	(12,528)
Proceeds from capital reduction in the year	(9,280)	-	(9,280)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	681	10,680	11,361
Gains and losses recognized in other comprehensive income			
Recorded as unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	(61)	-	(61)
Effect of exchange rate changes	-	(5,707)	(5,707)
At December 31	$ 37,929	$ 237,497	$ 275,426

7. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	$ 34,497	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	246,376	Net asset value	Not applicable.	Not applicable.

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	$ 37,929	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	237,497	Net asset value	Not applicable.	Not applicable.

8. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			Year ended December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Inputs	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	$ 342	($ 342)	$ 2	($ 2)
Debt instruments	Not applicable.	±1%	2,464	(2,464)	-	-
Total			$ 2,806	($ 2,806)	$ 2	($ 2)

	Inputs	Change	Year ended December 31, 2021: Recognized in profit or loss: Favourable change	Recognized in profit or loss: Unfavourable change	Recognized in other comprehensive income: Favourable change	Recognized in other comprehensive income: Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	$ 377	($ 377)	$ 2	($ 2)
Debt instruments	Not applicable.	±1%	2,375	(2,375)	-	-
Total			$ 2,752	($ 2,752)	$ 2	($ 2)

13. Supplementary Disclosures

(1) Significant transactions information

1. Lending to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
4. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

1. Basic information: Please refer to table 5.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Segment Reporting

(1) General information

The Group recognizes the reportable segments based on the reporting information used by the Chief Operating Decision-maker. The Chief Operating Decision-maker operates the business and evaluates performance by products. Its main business activities are related to the sale of "Media Creation" software. Information about operating results of other products is provided under the column heading "Media Experience and Entertainment and others".

(2) Measurement of segment information

1. The accounting policies for operating segments are the same as those summarized in Note 4 of the financial statements.
2. The Group uses segment revenue and operating income as the basis for evaluating performance and has eliminated the impact of inter-segment transactions.

(3) Information about segments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2022		
	Media creation	Media Experience and Entertainment and others	Total
Segment Revenue	$ 1,185,356	$ 505,844	$ 1,691,200
Segment Operating Income	$ 143,147	$ 54,097	$ 197,244
Segment income (loss), including:			
Depreciation expense	$ 12,809	$ 4,840	$ 17,649
Amortization expenses	$ 2,237	$ 846	$ 3,083

	Year ended December 31, 2021		
	Media creation	Media Experience and Entertainment and others	Total
Segment Revenue	$ 972,738	$ 604,331	$ 1,577,069
Segment Operating Income	$ 126,257	$ 70,625	$ 196,882
Segment income (loss), including:			
Depreciation expense	$ 12,906	$ 7,220	$ 20,126
Amortization expenses	$ 1,949	$ 1,090	$ 3,039

(4) Reconciliation for segment profit or loss

The Chief Operating Decision-Maker evaluates operating segment performance and allocates resources to operating segments based on segment revenues and operating income. Therefore, no reconciling adjustments are necessary.

(5) Information on products and services

Please refer to Note 14(3).

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31							
	2022				2021			
	Revenue		Non-current assets		Revenue		Non-current assets	
America	$	951,622	$	29	$	820,335	$	243
Japan		451,924		136,572		497,899		142,509
Taiwan		146,316		1,540,901		98,110		1,546,833
Others		141,338		-		160,725		-
	$	1,691,200	$	1,677,502	$	1,577,069	$	1,689,585

Geographical information on the revenue shows the location in which sales were generated. Non-current assets refer to property, plant and equipment, investment property, right-of-use assets, intangible assets and other assets, but excluded financial instruments, deferred tax assets and refundable deposits.

(7) Major customer information

Major customer information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31					
	2022			2021		
	Revenue		Operating segment	Revenue		Operating segment
Customer A	$	642,179	Media creation, Media Experience and Entertainment, and others	$	580,346	Media creation, Media Experience and Entertainment, and others
Customer B		285,287	"		151,890	"
Customer C		187,675	"		224,352	"
	$	1,115,141		$	956,588	

CYBERLINK CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022 Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
CyberLink Corp.	Stock of One-Blue, LLC	Director of the investee company	Non-current financial assets at fair value through profit or loss	-	$ 34,249	16.67%	$ 34,249	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	1,313,817	20,193	0.08%	20,193	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non-current financial assets at fair value through profit or loss	3,000,000	21,270	1.90%	21,270	
CyberLink Corp.	Geothings Technology Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	100,000	248	2.08%	248	
CyberLink Corp.	SKYMIZER TAIWAN INC.	None	Non-current financial assets at fair value through other comprehensive income	40,000	-	1.48%	-	
CyberLink International Technology Corp.	Preferred stock of Cidana Inc.	None	Non-current financial assets at fair value through other comprehensive income	500,000	-	3.56%	-	
CyberLink International Technology Corp.	Preferred stock of LOFTechnology, Inc.	None	Non-current financial assets at fair value through other comprehensive income	100,000	-	0.57%	-	
CyberLink International Technology Corp.	CCV Fund I LP	None	Non-current financial assets at fair value through profit or loss	-	USD 7,330 (in thousands of dollars)	5.37%	USD 7,330 (in thousands of dollars)	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities within the scope of IFRS 9 “Financial Instruments."

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

CYBERLINK CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year Ended December 31, 2022

Table 2

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

			The circumstance of the dealings				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of consolidated total notes/accounts receivable (payable)	Footnote
CyberLink Corp.	CyberLink.Com Corp.	A subsidiary of the Company	Sales	$ 137,496	10%	Note	Same with third parties	Note	$ 11,725	13%	-
CyberLink Corp.	CyberLink Inc.	A subsidiary of the Company	Sales	133,833	10%	Note	Same with third parties	Note	10,223	11%	-

Note: Prices to subsidiaries are based on normal transactions and sales are collected 30 days after the completion of sales.

CYBERLINK CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year Ended December 31, 2022

Table 3

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	CyberLink Corp.	CyberLink Inc.	1	Sales revenue	$ 133,833	Note 4	7.9%
0	CyberLink Corp.	CyberLink Inc.	1	Receivables	11,873	Note 4, 5	0.2%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Sales revenue	137,496	Note 4	8.1%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Receivables	14,472	Note 4, 5	0.2%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(a) Parent company is ‘0.’

(b) The subsidiaries are numbered in order starting from ‘1.’

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of categories each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Sales to subsidiaries are at normal price and are collected 30 days after the delivery of goods.

Note 5: Receivables include accounts receivable and other receivables.

Note 6: Transaction amounts over $10,000 are disclosed; transactions are disclosed from asset and revenue sides.

CYBERLINK CORP. AND SUBSIDIARIES

Information on investees

Year Ended December 31, 2022

Table 4

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

				Initial investment Amount		Shares held as at December 31, 2022					
Name of Investor	Investee (Note 1 and 2)	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Carrying amount	Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized by the Company (Note 2(3))	Footnote
CyberLink Corp.	CyberLink.Com Corp.	America	Sale of software	$ 136,327	$ 136,327	4,000,000	100%	$ 385,836	($ 27,770)	($ 27,770)	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,373,806	1,283,896	44,000,000	100%	2,002,856	(110,056)	(110,056)	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	239,513	(5,465)	(5,465)	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp.	Cayman	Investment activities	1,204,661 (USD 39,227 in thousands of dollars)	1,002,763 (USD 36,227 in thousands of dollars)	36,960,961	31.25%	1,746,287 (USD 56,864 in thousands of dollars)	(4,946,349) (USD (165,985) in thousands of dollars)	(89,400)	Investment accounted for using the equity method

Note 1:If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2:If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee,’ ‘Location,’ ‘Main business activities,’ Initial investment amount’ and ‘Shares held as at December 31, 2022’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net income (loss) of the investee’ column should fill in amount of net income (loss) of the investee for this period.

(3) The ‘Investment income (loss) recognized by the Company column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

CYBERLINK CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Year Ended December 31, 2022

Table 5

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount of investment remitted or recovered during the period		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2(2)B)	Carrying amount of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	$ 66,241 (USD 2,157 in thousand of dollars)	(2)	$ 32,399 (USD 1,055 in thousands of dollars)	$ -	$ -	$ 32,399 (USD 1,055 in thousands of dollars)	($ 11,293)	31.25%	$ -	$ 7,392	$ -	Note 4, 5

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
CyberLink Corp.	$ 32,399 (USD 1,055 in thousands of dollars)	$ 73,643 (USD 2,398 in thousands of dollars)	$ 2,789,845

Note 1:Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

(a) Directly invest in a company in mainland China

(b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(c) Others.

Note 2:In the ‘Investment income (loss) recognized by the Company for December 31, 2022’ column:

(a) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(b) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B The financial statements that are audited and attested by R.O.C. investment company’s CPA.

C Others.

Note 3:The numbers in this table are expressed in New Taiwan Dollars.

Note 4:Through investing in CyberLink International Technology Corp.

Note 5:Perfect (Shanghai) Co., Ltd. is a subsidiary directly reinvested by Perfect Corp., which is the Group’s investee company recognized under the equity method. Please refer to note 6(6) for details.

CYBERLINK CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2022

Table 6

Expressed in shares

	Shares	
Name of major shareholder	Number of shares held	Ownership (%)
ClinJeff Corp.	12,176,497	15.42%
Chang, Hua-Jen	7,862,716	9.96%