

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
For the Nine Months Ended September 30, 2023 and 2022
(Stock Code 5203)

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’
REVIEW REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 and 2022

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Independent Auditor's Review Report

(2023) Finance Review Report No. 23001845

To the Board of Directors and Stockholders of CyberLink Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of CyberLink Corp. and subsidiaries (the "Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of September 30, 2023 and 2022, as well as its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan

Certified Public Accountant

October 25, 2023

Huang, Chin-Lien

Lai, Chung-Hsi

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. The English version of the consolidated financial statements which used for translation are not reviewed by the CPA.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

ASSETS			September 30, 2023 (Reviewed)		December 31, 2022 (Audited)		September 30, 2022 (Reviewed)	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 413,009	7	\$ 1,743,889	30	\$ 754,105	18
1110	Current financial assets at fair value through profit or loss	6(2)	20,370	-	20,193	1	20,140	1
1136	Current financial assets at amortized cost	6(3)	1,645,770	27	122,840	2	1,143,000	28
1140	Current contract assets	6(22)	-	-	13,154	-	-	-
1170	Accounts receivable, net	6(5)	102,317	2	119,289	2	120,848	3
1200	Other receivables		4,470	-	3,838	-	1,813	-
1210	Other receivables - related parties	7	2,224	-	2,577	-	2,189	-
1220	Current income tax assets		2,246	-	17,974	-	17,474	1
130X	Inventories		6,363	-	6,088	-	8,006	-
1470	Other current assets		24,672	-	13,834	-	14,002	-
11XX	Total current assets		2,221,441	36	2,063,676	35	2,081,577	51
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	294,665	5	280,625	5	308,158	7
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	248	-	248	-	248	-
1550	Investments accounted for using the equity method	6(6) and 7	1,850,886	30	1,746,287	30	-	-
1600	Property, plant and equipment, net	6(7)	429,152	7	437,460	8	431,609	11
1755	Right-of-use assets	6(8) and 7	9,440	-	10,879	-	3,625	-
1760	Investment property, net	6(10)	1,218,186	20	1,226,913	21	1,229,822	30
1780	Intangible asset		212	-	2,250	-	1,552	-
1840	Deferred income tax assets		53,057	1	49,102	1	49,016	1
1900	Other non-current assets		25,357	1	6,801	-	6,809	-
15XX	Total non-current assets		3,881,203	64	3,760,565	65	2,030,839	49
1XXX	Total assets		\$ 6,102,644	100	\$ 5,824,241	100	\$ 4,112,416	100

(Continue on next page)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	September 30, 2023 (Reviewed)		December 31, 2022 (Audited)		September 30, 2022 (Reviewed)	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2130	Current contract liabilities	6(22)	\$ 346,717	5	\$ 258,117	4	\$ 225,249	6
2170	Accounts payable	6(11)	65,062	1	54,967	1	53,921	1
2200	Other payables	6(12)	352,784	6	343,211	6	327,121	8
2220	Other payables - related parties	7	-	-	-	-	457	-
2230	Income tax payable		6,340	-	2,730	-	2,565	-
2280	Current lease liabilities	6(8) and 7	4,808	-	5,512	-	2,717	-
2300	Other current liabilities	6(13)	45,271	1	42,844	1	44,252	1
21XX	Total current liabilities		<u>820,982</u>	<u>13</u>	<u>707,381</u>	<u>12</u>	<u>656,282</u>	<u>16</u>
	Non-current liabilities							
2550	Non-current provisions	6(14)	388,334	7	389,716	7	406,740	10
2570	Deferred income tax liabilities		8,451	-	8,451	-	15,719	-
2580	Non-current lease liabilities	6(8) and 7	5,054	-	5,761	-	815	-
2600	Other non-current liabilities	6(15)	64,193	1	63,190	1	77,212	2
25XX	Total non-current liabilities		<u>466,032</u>	<u>8</u>	<u>467,118</u>	<u>8</u>	<u>500,486</u>	<u>12</u>
2XXX	Total Liabilities		<u>1,287,014</u>	<u>21</u>	<u>1,174,499</u>	<u>20</u>	<u>1,156,768</u>	<u>28</u>
	Equity							
	Equity attributable to shareholders of the parent							
	Capital Stock	6(18)						
3110	Common stock		789,418	13	789,418	13	789,418	19
	Capital surplus	6(19)						
3200	Capital surplus		2,502,129	41	2,468,920	43	725,251	18
	Retained earnings	6(20)						
3310	Legal reserve		1,092,794	18	1,092,794	19	1,092,794	27
3320	Special reserve		170,301	3	242,407	4	242,407	6
3350	Unappropriated earnings		327,859	5	226,504	4	267,684	6
	Other equity interest	6(21)						
3400	Other equity interest		(66,871)	(1)	(170,301)	(3)	(161,906)	(4)
31XX	Equity attributable to shareholders of the parent		<u>4,815,630</u>	<u>79</u>	<u>4,649,742</u>	<u>80</u>	<u>2,955,648</u>	<u>72</u>
3XXX	Total equity		<u>4,815,630</u>	<u>79</u>	<u>4,649,742</u>	<u>80</u>	<u>2,955,648</u>	<u>72</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(8)(9) and 7						
3X2X	Total liabilities and equity		<u>\$ 6,102,644</u>	<u>100</u>	<u>\$ 5,824,241</u>	<u>100</u>	<u>\$ 4,112,416</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CYBERLINK CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2023 and 2022

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars
, except for Earnings per share

Item	Notes	Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Net revenue	6(22)	\$ 479,187	100	\$ 428,741	100	\$ 1,355,540	100	\$ 1,252,160	100
5000 Operating costs	6(23) (28)	(67,061)	(14)	(54,908)	(13)	(198,908)	(14)	(169,736)	(14)
5900 Gross profit		<u>412,126</u>	<u>86</u>	<u>373,833</u>	<u>87</u>	<u>1,156,632</u>	<u>86</u>	<u>1,082,424</u>	<u>86</u>
Operating expenses	6(16) (28) (29) and 7								
6100 Sales and marketing expenses		(176,739)	(37)	(158,030)	(37)	(522,371)	(39)	(460,058)	(37)
6200 General and administrative expenses		(31,796)	(7)	(28,406)	(6)	(87,927)	(6)	(83,472)	(7)
6300 Research and development expenses		(145,149)	(30)	(136,298)	(32)	(414,543)	(31)	(406,228)	(32)
6450 Expected credit loss	12(2)	(15,583)	(3)	-	-	(15,583)	(1)	-	-
6000 Total operating expenses		(369,267)	(77)	(322,734)	(75)	(1,040,424)	(77)	(949,758)	(76)
6900 Operating income		<u>42,859</u>	<u>9</u>	<u>51,099</u>	<u>12</u>	<u>116,208</u>	<u>9</u>	<u>132,666</u>	<u>10</u>
Non-operating income and expenses									
7100 Interest income	6(3) (24)	21,390	4	5,867	1	58,602	4	9,186	1
7010 Other income	6(9)(10) (25) and 7	17,107	4	17,809	4	51,266	4	53,244	4
7020 Other gains or losses	6(2) (26)	30,543	6	17,412	4	45,136	3	72,520	6
7050 Financial costs	6(8) (27) and 7	(41)	-	(16)	-	(122)	-	(49)	-
7000 Total non-operating income and expenses		<u>68,999</u>	<u>14</u>	<u>41,072</u>	<u>9</u>	<u>154,882</u>	<u>11</u>	<u>134,901</u>	<u>11</u>
7900 Income before income tax		<u>111,858</u>	<u>23</u>	<u>92,171</u>	<u>21</u>	<u>271,090</u>	<u>20</u>	<u>267,567</u>	<u>21</u>
7950 Income tax expenses	6(30)	(17,239)	(3)	(5,287)	(1)	(60,275)	(5)	(37,243)	(3)
8200 Net income		<u>\$ 94,619</u>	<u>20</u>	<u>\$ 86,884</u>	<u>20</u>	<u>\$ 210,815</u>	<u>15</u>	<u>\$ 230,324</u>	<u>18</u>
Other comprehensive (loss) income									
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)	\$ 25,009	5	\$ 53,035	13	\$ 16,482	1	\$ 80,501	7
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6) (21)	<u>63,997</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>86,948</u>	<u>7</u>	<u>-</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss subsequently		<u>89,006</u>	<u>18</u>	<u>53,035</u>	<u>13</u>	<u>103,430</u>	<u>8</u>	<u>80,501</u>	<u>7</u>
8300 Other comprehensive income (net)		<u>\$ 89,006</u>	<u>18</u>	<u>\$ 53,035</u>	<u>13</u>	<u>\$ 103,430</u>	<u>8</u>	<u>\$ 80,501</u>	<u>7</u>
8500 Total comprehensive income		<u>\$ 183,625</u>	<u>38</u>	<u>\$ 139,919</u>	<u>33</u>	<u>\$ 314,245</u>	<u>23</u>	<u>\$ 310,825</u>	<u>25</u>
Net income, attributable to:									
8610 Shareholders of the parent		<u>\$ 94,619</u>	<u>20</u>	<u>\$ 86,884</u>	<u>20</u>	<u>\$ 210,815</u>	<u>15</u>	<u>\$ 230,324</u>	<u>18</u>
Total comprehensive income, attributable to:									
8710 Shareholders of the parent		<u>\$ 183,625</u>	<u>38</u>	<u>\$ 139,919</u>	<u>33</u>	<u>\$ 314,245</u>	<u>23</u>	<u>\$ 310,825</u>	<u>25</u>
Earnings per share (EPS)	6(31)								
9750 Basic earnings per share		<u>\$ 1.20</u>		<u>\$ 1.10</u>		<u>\$ 2.67</u>		<u>\$ 2.93</u>	
9850 Diluted earnings per share		<u>\$ 1.19</u>		<u>\$ 1.10</u>		<u>\$ 2.64</u>		<u>\$ 2.92</u>	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nine Months Ended September 30, 2023 and 2022

(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

		Equity attributable to shareholders of the parent							
		Retained earnings					Other equity interest		
								Unrealized financial assets profit or loss measured at fair value through other comprehensive income	
Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations			Total equity
<u>Nine Months Ended September 30, 2022</u>									
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 the period		-	-	-	-	230,324	-	-	230,324
Other comprehensive income for the period	6(21)	-	-	-	-	-	80,501	-	80,501
Total comprehensive income for the period		-	-	-	-	230,324	80,501	-	310,825
Distribution of 2021 earnings:	6(20)								
Special reserve		-	-	-	56,487	(56,487)	-	-	-
Share-based payment transactions	6(19)	-	3,818	-	-	-	-	-	3,818
Exercise of employee stock options	6(18)(19)	15,885	54,009	-	-	-	-	-	69,894
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 September 30, 2022		\$ 789,418	\$ 725,251	\$1,092,794	\$ 242,407	\$ 267,684	(\$ 149,611)	(\$ 12,295)	\$2,955,648
<u>Nine Months Ended September 30, 2023</u>									
Balance at January 1, 2023		\$ 789,418	\$2,468,920	\$1,092,794	\$ 242,407	\$ 226,504	(\$ 158,006)	(\$ 12,295)	\$4,649,742
Net income for the period		-	-	-	-	210,815	-	-	210,815
Other comprehensive income for the period	6(21)	-	-	-	-	-	103,430	-	103,430
Total comprehensive income for the period		-	-	-	-	210,815	103,430	-	314,245
Distribution of 2022 earnings:	6(20)								
Special reserve		-	-	-	(72,106)	72,106	-	-	-
Cash dividends		-	-	-	-	(181,566)	-	-	(181,566)
Share-based payment transactions	6(19)	-	15,558	-	-	-	-	-	15,558
Change in net equity of associates accounted for using the equity method	6(19)	-	17,651	-	-	-	-	-	17,651
Balance at September 30, 2023		\$ 789,418	\$2,502,129	\$1,092,794	\$ 170,301	\$ 327,859	(\$ 54,576)	(\$ 12,295)	\$4,815,630

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2023 and 2022
(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Nine Months Ended September 30	
		2023	2022
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 271,090	\$ 267,567
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets at fair value	6(2)(26)		
through profit or loss		2,973	(1,940)
Depreciation expense	6(7)(8)(10)	21,290	22,073
Amortization expense	6(28)	2,038	2,317
Expected credit loss	6(28)	15,583	-
Interest income	6(24)	(58,602)	(9,186)
Interest expenses	6(8)(27)	122	49
Employees' stock option cost	6(17)		
	(29)	15,557	3,821
Gain on lease modification	6(26)	(4)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at			
fair value through profit or loss		(5,506)	(25,373)
Refund of capital reduction of financial	6(2)		
assets at fair value through profit or loss		249	5,945
Accounts receivable		1,053	(45,529)
Current contract assets		13,154	-
Other receivables		115	1,378
Other receivables - related parties		298	398
Inventories		(275)	(2,791)
Other current assets		(11,199)	5,764
Other non-current assets		(18,047)	-
Changes in operating liabilities			
Current contract liabilities		88,605	36,904
Accounts payable		10,134	(1,299)
Other payables		7,198	(46,518)
Other payables - related parties		-	457
Other current liabilities		4,820	(5,440)
Provisions		(1,382)	(85,434)
Other non-current liabilities		(261)	(371)
Cash inflow generated from operations		359,003	122,792
Interest received		57,867	7,996
Interest paid		(122)	(49)
Dividends paid		(181,566)	(135,346)
Income tax paid		(59,996)	(46,817)
Income tax returned		14,607	26,891
Net cash inflow from (used in) operating activities		189,793	(24,533)

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2023 and 2022
(Reviewed, not audited)

Unit: Amounts expressed in thousands of New Taiwan Dollars

		Notes	Nine Months Ended September 30 2023	2022
<u>Cash flows from investing activities</u>				
Acquisition of financial assets at amortized cost			(\$ 1,839,390)	(\$ 1,270,000)
Proceeds from disposal of financial assets at amortized cost			322,700	824,000
Acquisition of property, plant and equipment	6(7)		(9,562)	(8,859)
Acquisition of intangible assets			-	(1,812)
Increase in refundable deposits			(496)	(2,526)
Net cash flows used in investing activities			(1,526,748)	(459,197)
<u>Cash flows from financing activities</u>				
Increase in deposits received	6(33)		1,264	318
Repayment of the principal portion of lease liabilities	6(8)(33)		(4,149)	(3,784)
Exercise of employee stock options			-	69,894
Net cash flows from (used in) financing activities			(2,885)	66,428
Effects of changes in exchange rates			8,960	68,528
Net decrease in cash and cash equivalents			(1,330,880)	(348,774)
Cash and cash equivalents at beginning of period			1,743,889	1,102,879
Cash and cash equivalents at end of period			\$ 413,009	\$ 754,105

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

CYBERLINK CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended September 30, 2023 and 2022

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 October 25, 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 (the “IFRS”) as endorsed and released by the Financial Supervisory Commission (the “FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendment to IAS 12, ‘International Tax Reform - Pillar Two Model Rules’.	May 23, 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.

(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
Amendment to IFRS 16 'Lease Liabilities in a Sale and Leaseback'	January 1, 2024
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
Amendments to IAS7 and IFRS7, 'Supplier Finance Arrangements'.	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.

(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
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
Amendment to IAS 21 'Lack of Exchangeability'	January 1, 2025

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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

1. The consolidated financial statements of the Group have been prepared in accordance with

the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” endorsed and released by the FSC.

2. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2022.

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC interpretations endorsed and released by the FSC (collectively referred herein 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:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2022.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Company Name of Subsidiary	Major Operating Activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
CyberLink Corp.	CyberLink.Com Corp. (CyberLink-USA)	Sale of software	100%	100%	100%	
CyberLink Corp.	CyberLink International Technology Corp. (CyberLink-B.V.I)	Investment activities	100%	100%	100%	Note
CyberLink Corp.	CyberLink Inc. (CyberLink-Japan)	Sale of software	100%	100%	100%	

Note: 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 \$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) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is accordingly.

(5) Income tax

The income tax expense for the interim period is calculated by applying the estimated average effective tax rate for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes during the period; please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 50	\$ 50	\$ 50
Checking accounts	93,699	74,350	79,580
Demand deposits	319,260	441,089	420,475
Time deposits	—	1,228,400	254,000
	<u>\$ 413,009</u>	<u>\$ 1,743,889</u>	<u>\$ 754,105</u>

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. The Group has no cash and cash equivalents pledged to others.

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

Item	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Money market funds	\$ 20,085	\$ 20,085	\$ 20,085
Valuation adjustment	285	108	55
	<u>\$ 20,370</u>	<u>\$ 20,193</u>	<u>\$ 20,140</u>
Item	September 30, 2023	December 31, 2022	September 30, 2022
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Private fund	\$ 292,847	\$ 274,426	\$ 278,817
Unlisted stocks	23,221	23,470	23,470
Subtotal	316,068	297,896	302,287
Valuation adjustment	(21,403)	(17,271)	5,871
	<u>\$ 294,665</u>	<u>\$ 280,625</u>	<u>\$ 308,158</u>

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

Three Months Ended September 30		
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	(\$ 5,280)	(\$ 25,260)
Money market funds	60	58
	<u>(\$ 5,220)</u>	<u>(\$ 25,202)</u>
Nine Months Ended September 30		
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	(\$ 3,150)	\$ 1,800
Money market funds	177	140
	<u>(\$ 2,973)</u>	<u>\$ 1,940</u>

2. The Group received proceeds from capital reduction of an investee at the amounts of \$249 and \$5,945 in July 2023 and 2022, respectively.
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 financial assets at amortized cost

Item	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits with original maturity of more than three months	<u>\$ 1,645,770</u>	<u>\$ 122,840</u>	<u>\$ 1,143,000</u>

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

	Three Months Ended September 30	
	2023	2022
Interest income	<u>\$ 17,965</u>	<u>\$ 5,272</u>
	Nine Months Ended September 30	
	2023	2022
Interest income	<u>\$ 35,503</u>	<u>\$ 7,255</u>

2. As at September 30, 2023, December 31, 2022 and September 30, 2022, 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 \$1,645,770, \$122,840 and \$1,143,000, respectively.
3. The Group has no financial assets at amortized cost pledged to others.
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

Item	September 30, 2023	December 31, 2022	September 30, 2022
Unlisted stocks	\$ 13,068	\$ 12,678	\$ 12,938
Valuation adjustment	(12,820)	(12,430)	(12,690)
	<u>\$ 248</u>	<u>\$ 248</u>	<u>\$ 248</u>

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 value of such investments as of September 30, 2023, December 31, 2022 and September 30, 2022 all amounted to \$248.
2. As at September 30, 2023, December 31, 2022 and September 30, 2022, 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 all \$248.
3. The Group has no financial assets at fair value through other comprehensive income pledged to others.
4. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$ 117,900	\$ 119,289	\$ 120,848
Less: Loss allowance	(15,583)	—	—
	<u>\$ 102,317</u>	<u>\$ 119,289</u>	<u>\$ 120,848</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Not Past Due	\$ 100,755	\$ 100,699	\$ 118,502
Past Due			
Up to 30 days	16,778	14,003	1,079
31 to 90 days	40	4,092	1,172
Over 91 days	327	495	95
	<u>\$ 117,900</u>	<u>\$ 119,289</u>	<u>\$ 120,848</u>

The above ageing analysis was based on past due date.

2. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable were all both from contracts with customers. And as of January 1, 2022, the balance of accounts receivable from contracts with customers amounted to \$77,639.
3. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into consideration other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$102,317, \$119,289 and \$120,848, respectively.
4. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investments accounted for using the equity method

	Nine Months Ended September 30	
	2023	2022
At January 1	\$ 1,746,287	\$ –
Changes in capital surplus (Note 6(19))	17,651	–
Changes in other equity items (Note 6(21))	86,948	–
At September 30	<u>\$ 1,850,886</u>	<u>\$ –</u>

The Group's shareholding ratio in Perfect Corp. (Cayman) declined from 38.08% to 36.30% as the employees of Perfect Corp. (Cayman) 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 amount to \$1,709,253 due to the aforementioned transactions.

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

<u>Shareholding ratio</u>						
Company Name	Principal place of business	September 30, 2023	December 31, 2022	September 30, 2022	Nature of relationship	Method of Measurement
Perfect Corp.(Cayman)	Cayman	31.25%	31.25%	36.30%	Investments accounted for using the equity method	Equity method

2. 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).

3. 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 business combination and completion of listing processes, Perfect Corp. (Cayman) will be the surviving entity of the 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 this 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 the valuation of its preference share liabilities which were issued by Perfect Corp. (Cayman) based on the business value of aforementioned combination transaction. Therefore, on September 30, 2022 and December 31, 2021, the net equity were negative. According to the regulation, the Group will not further recognize the losses when the share of the losses in an associate equals or exceeds its equity interest in the associate; thus, the Group’s recognition on the investment in the associate will stop at \$0.

4. 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 \$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 \$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.
5. The fair value of the Group’s investments accounted for using equity method with publicly quoted market prices is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Perfect Corp.(Cayman)	<u>\$ 3, 912, 155</u>	<u>\$ 8, 104, 408</u>

(7) Property, plant and equipment, net

Nine Months Ended September 30, 2023					
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	\$ 330,610	\$ 142,009	\$ 26,869	\$ 1,789	\$ 501,277
Accumulated depreciation	<u>–</u>	<u>(45,300)</u>	<u>(17,423)</u>	<u>(1,094)</u>	<u>(63,817)</u>
	<u>\$ 330,610</u>	<u>\$ 96,709</u>	<u>\$ 9,446</u>	<u>\$ 695</u>	<u>\$ 437,460</u>
At January 1	\$ 330,610	\$ 96,709	\$ 9,446	\$ 695	\$ 437,460
Additions	–	5,789	3,773	–	9,562
Depreciation expense	–	(4,645)	(3,526)	(211)	(8,382)
Net exchange differences	<u>(7,662)</u>	<u>(1,787)</u>	<u>(15)</u>	<u>(24)</u>	<u>(9,488)</u>
At September 30	<u>\$ 322,948</u>	<u>\$ 96,066</u>	<u>\$ 9,678</u>	<u>\$ 460</u>	<u>\$ 429,152</u>
At September 30					
Cost	\$ 322,948	\$ 145,684	\$ 30,511	\$ 1,750	\$ 500,893
Accumulated depreciation	<u>–</u>	<u>(49,618)</u>	<u>(20,833)</u>	<u>(1,290)</u>	<u>(71,741)</u>
	<u>\$ 322,948</u>	<u>\$ 96,066</u>	<u>\$ 9,678</u>	<u>\$ 460</u>	<u>\$ 429,152</u>
Nine Months Ended September 30, 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	<u>–</u>	<u>(48,995)</u>	<u>(17,654)</u>	<u>(3,100)</u>	<u>(69,749)</u>
	<u>\$ 334,441</u>	<u>\$ 108,149</u>	<u>\$ 11,312</u>	<u>\$ 747</u>	<u>\$ 454,649</u>
At January 1	\$ 334,441	\$ 108,149	\$ 11,312	\$ 747	\$ 454,649
Additions	–	5,356	3,087	416	8,859
Reclassification - cost (Note)	–	(13,557)	–	–	(13,557)
Reclassification - accumulated depreciation (Note)	–	3,301	–	–	3,301
Depreciation expense	–	(5,486)	(3,974)	(163)	(9,623)
Net exchange differences	<u>(9,648)</u>	<u>(2,349)</u>	<u>(20)</u>	<u>(3)</u>	<u>(12,020)</u>
At September 30	<u>\$ 324,793</u>	<u>\$ 95,414</u>	<u>\$ 10,405</u>	<u>\$ 997</u>	<u>\$ 431,609</u>
At September 30					
Cost	\$ 324,793	\$ 146,281	\$ 31,901	\$ 4,613	\$ 507,588
Accumulated depreciation	<u>–</u>	<u>(50,867)</u>	<u>(21,496)</u>	<u>(3,616)</u>	<u>(75,979)</u>
	<u>\$ 324,793</u>	<u>\$ 95,414</u>	<u>\$ 10,405</u>	<u>\$ 997</u>	<u>\$ 431,609</u>

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

(8) Leasing arrangements - lessee

1. The Group leases various assets including offices and transportation equipment. Rental contracts for the nine months ended September 30, 2023 and 2022 are typically made for periods from 2022 to 2026 and from 2019 to 2024, 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:

	Nine Months Ended September 30, 2023		
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 11,537	\$ 3,921	\$ 15,458
Accumulated depreciation	(1,529)	(3,050)	(4,579)
	<u>\$ 10,008</u>	<u>\$ 871</u>	<u>\$ 10,879</u>
At January 1	\$ 10,008	\$ 871	\$ 10,879
Addition - Newly added lease contracts	–	2,904	2,904
Lease modification	–	(162)	(162)
Depreciation expense	(3,230)	(951)	(4,181)
At September 30	<u>\$ 6,778</u>	<u>\$ 2,662</u>	<u>\$ 9,440</u>
At September 30			
Cost	\$ 11,537	\$ 2,904	\$ 14,441
Accumulated depreciation	(4,759)	(242)	(5,001)
	<u>\$ 6,778</u>	<u>\$ 2,662</u>	<u>\$ 9,440</u>

	Nine Months Ended September 30, 2022		
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 8,663	\$ 3,921	\$ 12,584
Accumulated depreciation	(6,256)	(1,743)	(7,999)
	<u>\$ 2,407</u>	<u>\$ 2,178</u>	<u>\$ 4,585</u>
At January 1	\$ 2,407	\$ 2,178	\$ 4,585
Addition - Newly added lease contracts	2,762	–	2,762
Depreciation expense	(2,741)	(981)	(3,722)
At September 30	<u>\$ 2,428</u>	<u>\$ 1,197</u>	<u>\$ 3,625</u>
At September 30			
Cost	\$ 11,425	\$ 3,921	\$ 15,346
Accumulated depreciation	(8,997)	(2,724)	(11,721)
	<u>\$ 2,428</u>	<u>\$ 1,197</u>	<u>\$ 3,625</u>

4. Lease liabilities relating to lease contracts:

	September 30, 2023	December 31, 2022	September 30, 2022
Total lease liabilities	\$ 9,862	\$ 11,273	\$ 3,532
Less: Current portion (shown as 'current lease liabilities')	(4,808)	(5,512)	(2,717)
	<u>\$ 5,054</u>	<u>\$ 5,761</u>	<u>\$ 815</u>

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

	Three Months Ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 41	\$ 16
Expense on short-term lease contracts	473	595
Gain on lease modification	(4)	–
	<u>\$ 510</u>	<u>\$ 611</u>

	Nine Months Ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 122	\$ 49
Expense on short-term lease contracts	1,384	1,543
Gain on lease modification	(4)	-
	<u>\$ 1,502</u>	<u>\$ 1,592</u>

6. For the nine months ended September 30 2023 and 2022, the Group's total cash outflow for leases were \$5,655 and \$5,376, respectively, which included expense on short-term lease contracts of \$1,384 and \$1,543, interest expenses on lease liabilities of \$122 and \$49, and payments of lease liabilities of \$4,149 and \$3,784, 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. Rental contracts are typically made for a period between 1 and 10 years. 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 assets including the offices on 6F and 14F of "Jiang-Ling Information" Building located in Xindian District of New Taipei City, and the office in Minato, 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 three months and nine months ended September 30, 2023, the Group recognized rent income in the amounts of \$16,503, \$16,172, \$47,951 and \$48,961, respectively, based on the lease contracts above, and there was no variable lease payments.

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

	September 30, 2023	
Within 1 year	\$	16,787
2024		45,043
2025		23,287
2026		20,013
2027		13,732
2028		11,639
2029		5,819
	\$	<u>136,320</u>

	December 31, 2022	September 30, 2022
Within 1 year	\$	–
2023	55,533	52,593
2024	24,376	24,177
2025	4,159	4,159
2026	3,244	3,244
2027	811	811
	\$	<u>88,123</u>
		<u>\$ 100,995</u>

(10) Investment property

	Nine Months Ended September 30, 2023		
	Land	Buildings	Total
At January 1			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	–	(165,581)	(165,581)
	<u>\$ 799,024</u>	<u>\$ 427,889</u>	<u>\$ 1,226,913</u>
At January 1	\$ 799,024	\$ 427,889	\$ 1,226,913
Depreciation expense	–	(8,727)	(8,727)
At September 30	<u>\$ 799,024</u>	<u>\$ 419,162</u>	<u>\$ 1,218,186</u>
At September 30			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	–	(174,308)	(174,308)
	<u>\$ 799,024</u>	<u>\$ 419,162</u>	<u>\$ 1,218,186</u>

Nine Months Ended September 30, 2022			
	Land	Buildings	Total
At January 1			
Cost	\$ 799,024	\$ 579,913	\$ 1,378,937
Accumulated depreciation	–	(150,643)	(150,643)
	<u>\$ 799,024</u>	<u>\$ 429,270</u>	<u>\$ 1,228,294</u>
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	–	(8,728)	(8,728)
At September 30	<u>\$ 799,024</u>	<u>\$ 430,798</u>	<u>\$ 1,229,822</u>
At September 30			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	–	(162,672)	(162,672)
	<u>\$ 799,024</u>	<u>\$ 430,798</u>	<u>\$ 1,229,822</u>

Note: Please refer to note 6(7) for the description of the transfer from “Property, plant and equipment” to “Investment property.”¹ Rental income from investment property and direct operating expenses arising from investment property are shown below:

Three Months Ended September 30		
	2023	2022
Rental income from investment property	<u>\$ 15,859</u>	<u>\$ 15,213</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 3,759</u>	<u>\$ 3,387</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 341</u>	<u>\$ 450</u>
Nine Months Ended September 30		
	2023	2022
Rental income from investment property	<u>\$ 45,976</u>	<u>\$ 45,999</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 10,953</u>	<u>\$ 11,502</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 1,307</u>	<u>\$ 1,230</u>

2. The fair values of the investment property held by the Group as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$2,474,119, \$2,523,850 and \$2,219,954, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Royalty expense	\$ 52,551	\$ 53,204	\$ 49,345
Others	12,511	1,763	4,576
	<u>\$ 65,062</u>	<u>\$ 54,967</u>	<u>\$ 53,921</u>

(12) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Promotional fees	\$ 111,663	\$ 73,151	\$ 62,782
Payroll	80,700	93,710	77,221
Employees' compensation and directors' remuneration	55,964	73,893	23,893
Royalty collection	37,830	54,541	55,258
Employees' rewards	19,152	9,379	71,183
Professional service fees	14,798	12,227	11,725
Other accrued expenses	30,323	23,719	25,014
Other payables	2,354	2,591	45
	<u>\$ 352,784</u>	<u>\$ 343,211</u>	<u>\$ 327,121</u>

(13) Other current liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Refund liability	\$ 41,502	\$ 38,935	\$ 40,653
Others	3,769	3,909	3,599
	<u>\$ 45,271</u>	<u>\$ 42,844</u>	<u>\$ 44,252</u>

(14) Provisions

Nine Months Ended September 30, 2023			
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 383,795	\$ 5,921	\$ 389,716
Additional provisions	14,529	363	14,892
Provision for liabilities used in the current period	(2,628)	–	(2,628)
Unused amounts reversed	(32,054)	–	(32,054)
Net exchange differences	18,408	–	18,408
At September 30	<u>\$ 382,050</u>	<u>\$ 6,284</u>	<u>\$ 388,334</u>
Nine Months Ended September 30, 2022			
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 486,653	\$ 5,521	\$ 492,174
Additional provisions	11,845	303	12,148
Provision for liabilities used in the current period	(149,756)	–	(149,756)
Unused amounts reversed	(18,900)	–	(18,900)
Net exchange differences	71,074	–	71,074
At September 30	<u>\$ 400,916</u>	<u>\$ 5,824</u>	<u>\$ 406,740</u>

Analysis of total provisions:

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current	<u>\$ 388,334</u>	<u>\$ 389,716</u>	<u>\$ 406,740</u>

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 or after negotiation.

2. Cost of software bug-fixing

The Group provides software bug-fixing for programs 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

	September 30, 2023	December 31, 2022	September 30, 2022
Accrued pension liabilities	\$ 53,394	\$ 53,655	\$ 66,588
Guarantee deposits received	10,799	9,535	10,624
	<u>\$ 64,193</u>	<u>\$ 63,190</u>	<u>\$ 77,212</u>

(16) Pensions

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 appropriate portion 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) For the three months and nine months ended September 30, 2023 and 2022, the pension costs recognized by the Company in accordance with the pension measures above were \$179, \$116, \$538 and \$349, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the company for the year ending December 31, 2023 amount to \$960.
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 three months and nine months ended September 30, 2023 and 2022 were \$6,512, \$6,083, \$19,304 and \$17,822, respectively.
 - (c) The pension costs under local pension regulations of the foreign subsidiaries in accordance with the relevant employment laws and regulations of local governments for the three months and nine months ended September 30, 2023 and 2022 were \$799, \$750, \$2,651 and \$2,403, respectively.

(17) Share-based payment

1. As of September 30, 2023, December 31, 2022 and September 30, 2022, 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:

	Nine Months Ended September 30			
	2023		2022	
	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	2,000	\$ 87.70	1,699	\$ 44.00
Options granted in the current period	–	–	2,000	89.50
Options exercised	–	–	(1,589)	44.00
Options lapsed in the current period	–	–	(110)	44.00
Options outstanding on September 30	<u>2,000</u>	<u>85.70</u>	<u>2,000</u>	<u>87.70</u>
Options exercisable on September 30	<u>–</u>		<u>–</u>	

3. The weighted-average stock price of stock options at exercise dates for the nine months ended September 30, 2023 and 2022 were \$0 and \$44.00 (in dollars), respectively.
4. As of September 30, 2023, December 31, 2022 and September 30, 2022, the range of exercise prices of stock options outstanding were \$85.70, \$87.70 and \$87.70 (in dollars), respectively; the weighted-average remaining contractual period was 5.82 years, 6.57 years and 6.82 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:

	Three Months Ended September 30	
	2023	2022
Cost of employee stock options	\$ 5,243	\$ 3,821
	Nine Months Ended September 30	
	2023	2022
Cost of employee stock options	\$ 15,557	\$ 3,821

(18) Capital Stock

As of September 30, 2023, 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:

	Nine Months Ended September 30,	
	2023	2022
At January 1	78,942	77,353
Exercise of employee stock options	–	1,589
At September 30	<u>78,942</u>	<u>78,942</u>

(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.

	Nine Months Ended September 30, 2023				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates (Note)	Total
At January 1	\$ 92,937	\$ 9,061	\$ 60,144	\$ 2,306,778	\$ 2,468,920
Share-based payment transactions	–	15,558	–	–	15,558
Recognition of change in equity of associates in proportion to the Group's ownership	–	–	–	17,651	17,651
At September 30	<u>\$ 92,937</u>	<u>\$ 24,619</u>	<u>\$ 60,144</u>	<u>\$ 2,324,429</u>	<u>\$ 2,502,129</u>

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

Nine Months Ended September 30, 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
Share-based payment transactions	–	3,818	–	–	3,818
Distribution of cash through capital surplus	(35,592)	–	–	–	(35,592)
Expired employee stock options in proportion to the Group's ownership	–	(499)	499	–	–
At September 30	<u>\$ 92,937</u>	<u>\$ 3,818</u>	<u>\$ 60,144</u>	<u>\$ 568,352</u>	<u>\$ 725,251</u>

(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 compensation 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. (a) On June 20, 2023 and June 21, 2022, the appropriation of 2022 and 2021 earnings were resolved at shareholders' meeting, respectively. The details are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ -	
Special reserve	(72, 106)		56, 487	
Cash dividends	181, 566	\$ 2. 30	-	\$ -

- (b) 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, 2022 and 2021, it determined not to provision legal reserve.

(21) Other equity items

	Nine Months Ended September 30, 2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12, 295)	(\$ 158, 006)	(\$ 170, 301)
Currency translation:			
- Group	-	16, 482	16, 482
- Associates	-	86, 948	86, 948
At September 30	<u>(\$ 12, 295)</u>	<u>(\$ 54, 576)</u>	<u>(\$ 66, 871)</u>

	Nine Months Ended September 30, 2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12, 295)	(\$ 230, 112)	(\$ 242, 407)
Currency translation:			
- Group	-	80, 501	80, 501
At September 30	<u>(\$ 12, 295)</u>	<u>(\$ 149, 611)</u>	<u>(\$ 161, 906)</u>

(22) Net revenue

	Three Months Ended September 30	
	2023	2022
Revenue from contracts with customers	<u>\$ 479, 187</u>	<u>\$ 428, 741</u>
	Nine Months Ended September 30	
	2023	2022
Revenue from contracts with customers	<u>\$ 1, 355, 540</u>	<u>\$ 1, 252, 160</u>

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:

Three Months Ended September 30, 2023	Taiwan		America		Japan		Other region		Total
	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	
Revenue from contracts with customers	<u>\$ 15,151</u>	<u>\$11,034</u>	<u>\$240,697</u>	<u>\$ 48,686</u>	<u>\$ 68,281</u>	<u>\$ 56,500</u>	<u>\$24,238</u>	<u>\$14,600</u>	<u>\$ 479,187</u>
Timing of revenue recognition									
At a point in time	\$ 5,666	\$ 8,331	\$ 73,390	\$ 46,978	\$ 22,724	\$ 55,138	\$ 7,772	\$12,659	\$ 232,658
Over time	<u>9,485</u>	<u>2,703</u>	<u>167,307</u>	<u>1,708</u>	<u>45,557</u>	<u>1,362</u>	<u>16,466</u>	<u>1,941</u>	<u>246,529</u>
	<u>\$ 15,151</u>	<u>\$11,034</u>	<u>\$240,697</u>	<u>\$ 48,686</u>	<u>\$ 68,281</u>	<u>\$ 56,500</u>	<u>\$24,238</u>	<u>\$14,600</u>	<u>\$ 479,187</u>
Three Months Ended September 30, 2022	Taiwan		America		Japan		Other region		Total
	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	
Revenue from contracts with customers	<u>\$ 16,037</u>	<u>\$20,567</u>	<u>\$209,296</u>	<u>\$ 48,080</u>	<u>\$ 64,918</u>	<u>\$ 39,382</u>	<u>\$17,527</u>	<u>\$12,934</u>	<u>\$ 428,741</u>
Timing of revenue recognition									
At a point in time	\$ 7,016	\$13,491	\$151,060	\$ 46,938	\$ 28,274	\$ 38,193	\$ 4,238	\$12,441	\$ 301,651
Over time	<u>9,021</u>	<u>7,076</u>	<u>58,236</u>	<u>1,142</u>	<u>36,644</u>	<u>1,189</u>	<u>13,289</u>	<u>493</u>	<u>127,090</u>
	<u>\$ 16,037</u>	<u>\$20,567</u>	<u>\$209,296</u>	<u>\$ 48,080</u>	<u>\$ 64,918</u>	<u>\$ 39,382</u>	<u>\$17,527</u>	<u>\$12,934</u>	<u>\$ 428,741</u>
Nine Months Ended September 30, 2023	Taiwan		America		Japan		Other region		Total
	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	
Revenue from contracts with customers	<u>\$ 41,403</u>	<u>\$39,097</u>	<u>\$649,441</u>	<u>\$151,620</u>	<u>\$201,072</u>	<u>\$153,214</u>	<u>\$69,599</u>	<u>\$50,094</u>	<u>\$1,355,540</u>
Timing of revenue recognition									
At a point in time	\$ 13,001	\$23,072	\$217,727	\$146,861	\$ 67,588	\$149,233	\$24,143	\$46,596	\$ 688,221
Over time	<u>28,402</u>	<u>16,025</u>	<u>431,714</u>	<u>4,759</u>	<u>133,484</u>	<u>3,981</u>	<u>45,456</u>	<u>3,498</u>	<u>667,319</u>
	<u>\$ 41,403</u>	<u>\$39,097</u>	<u>\$649,441</u>	<u>\$151,620</u>	<u>\$201,072</u>	<u>\$153,214</u>	<u>\$69,599</u>	<u>\$50,094</u>	<u>\$1,355,540</u>

Nine Months Ended September 30, 2022	Taiwan		America		Japan		Other region		Total
	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	
Revenue from contracts with customers	<u>\$ 41,309</u>	<u>\$47,010</u>	<u>\$582,910</u>	<u>\$148,708</u>	<u>\$187,675</u>	<u>\$139,978</u>	<u>\$57,446</u>	<u>\$47,124</u>	<u>\$1,252,160</u>
Timing of revenue recognition									
At a point in time	\$ 15,779	\$38,471	\$411,906	\$145,255	\$ 85,027	\$136,441	\$18,750	\$45,617	\$ 897,246
Over time	<u>25,530</u>	<u>8,539</u>	<u>171,004</u>	<u>3,453</u>	<u>102,648</u>	<u>3,537</u>	<u>38,696</u>	<u>1,507</u>	<u>354,914</u>
	<u>\$ 41,309</u>	<u>\$47,010</u>	<u>\$582,910</u>	<u>\$148,708</u>	<u>\$187,675</u>	<u>\$139,978</u>	<u>\$57,446</u>	<u>\$47,124</u>	<u>\$1,252,160</u>

2. Contract assets and contract liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract assets:				
Project contracts	<u>\$ -</u>	<u>\$ 13,154</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities:				
Advance sales receipts	<u>\$ 346,717</u>	<u>\$ 258,117</u>	<u>\$ 225,249</u>	<u>\$ 188,350</u>

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

	Three Months Ended September 30	
	2023	2022
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	<u>\$ 49,775</u>	<u>\$ 32,590</u>
	Nine Months Ended September 30	
	2023	2022
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	<u>\$ 240,270</u>	<u>\$ 178,684</u>

(23) Operating costs

Three Months Ended September 30		
	2023	2022
Service cost of platform	\$ 43,305	\$ 28,202
Royalty cost	18,650	24,420
Cost of goods sold	2,697	2,077
Others	2,409	209
	<u>\$ 67,061</u>	<u>\$ 54,908</u>
Nine Months Ended September 30		
	2023	2022
Service cost of platform	\$ 124,678	\$ 81,426
Royalty cost	50,412	83,172
Cost of goods sold	8,598	4,835
Others	15,220	303
	<u>\$ 198,908</u>	<u>\$ 169,736</u>

(24) Interest income

Three Months Ended September 30		
	2023	2022
Bank deposits	\$ 3,425	\$ 595
Interest income from financial assets measured at amortized cost	17,965	5,272
	<u>\$ 21,390</u>	<u>\$ 5,867</u>
Nine Months Ended September 30		
	2023	2022
Bank deposits	\$ 23,099	\$ 1,931
Interest income from financial assets measured at amortized cost	35,503	7,255
	<u>\$ 58,602</u>	<u>\$ 9,186</u>

(25) Other income

Three Months Ended September 30		
	2023	2022
Rental income	\$ 16,503	\$ 16,172
Service revenue	363	513
Grant income	194	–
Other income - others	47	1,124
	<u>\$ 17,107</u>	<u>\$ 17,809</u>
Nine Months Ended September 30		
	2023	2022
Rental income	\$ 47,951	\$ 48,961
Service revenue	1,780	1,862
Grant income	268	47
Other income - others	1,267	2,374
	<u>\$ 51,266</u>	<u>\$ 53,244</u>

(26) Other gains or losses

Three Months Ended September 30		
	2023	2022
Currency exchange gains	\$ 39,837	\$ 46,335
Net (losses) gains on financial assets at fair value through profit or loss	(5,220)	(25,202)
Depreciation expenses on investment property	(2,909)	(2,910)
Gain on lease modification	4	–
Others	(1,169)	(811)
	<u>\$ 30,543</u>	<u>\$ 17,412</u>
Nine Months Ended September 30		
	2023	2022
Currency exchange gains	\$ 60,389	\$ 83,128
Net (losses) gains on financial assets at fair value through profit or loss	(2,973)	1,940
Depreciation expenses on investment property	(8,727)	(8,728)
Gain on lease modification	4	–
Others	(3,557)	(3,820)
	<u>\$ 45,136</u>	<u>\$ 72,520</u>

(27) Financial costs

	Three Months Ended September 30	
	2023	2022
Interest expense - lease liabilities	\$ 41	\$ 16
	Nine Months Ended September 30	
	2023	2022
Interest expense - lease liabilities	\$ 122	\$ 49

(28) Costs and expenses by nature

	Three Months Ended September 30	
	2023	2022
Employee benefit expenses	\$ 220,134	\$ 208,012
Promotional fees	89,654	75,066
Service cost of platform	43,305	28,202
Royalty cost	18,650	24,420
Professional service fees	16,131	12,903
Expected credit impairment loss	15,583	–
Cost of goods sold	2,697	2,077
Depreciation of property, plant and equipment	2,881	3,287
Product expenses	2,544	2,024
Depreciation of right-of-use assets	1,374	1,394
Amortization expenses	377	829
Others	22,998	19,428
Total cost of sales and operating expenses	\$ 436,328	\$ 377,642
	Nine Months Ended September 30	
	2023	2022
Employee benefit expenses	\$ 635,104	\$ 609,779
Promotional fees	266,254	219,929
Service cost of platform	124,678	81,426
Royalty cost	50,412	83,172
Professional service fees	44,840	45,012
Expected credit impairment loss	15,583	–
Cost of goods sold	8,598	4,835
Depreciation of property, plant and equipment	8,382	9,623
Product expenses	5,939	6,611
Depreciation of right-of-use assets	4,181	3,722
Amortization expenses	2,038	2,317
Others	73,323	53,068
Total cost of sales and operating expenses	\$ 1,239,332	\$ 1,119,494

(29) Employee benefit expenses

		Three Months Ended September 30	
		2023	2022
Wages and Salaries	\$	185,635	\$ 178,984
Insurance fees		14,811	13,303
Pension costs		7,490	6,949
Cost of employee stock options		5,243	3,821
Directors' remuneration		2,749	1,467
Other personnel expenses		4,206	3,488
	\$	<u>220,134</u>	<u>\$ 208,012</u>
		Nine Months Ended September 30	
		2023	2022
Wages and Salaries	\$	536,435	\$ 533,330
Insurance fees		42,218	37,752
Pension costs		22,493	20,574
Cost of employee stock options		15,557	3,821
Directors' remuneration		7,282	4,255
Other personnel expenses		11,119	10,047
	\$	<u>635,104</u>	<u>\$ 609,779</u>

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 three months and nine months ended September 30, 2023 and 2022, employees' compensation and directors' remuneration recognized in salary expenses were accrued as follows:

		Three Months Ended September 30	
		2023	2022
Employees' compensation	\$	16,287	\$ 2,932
Directors' remuneration		1,870	1,467
	\$	<u>18,157</u>	<u>\$ 4,399</u>
		Nine Months Ended September 30	
		2023	2022
Employees' compensation	\$	35,971	\$ 8,493
Directors' remuneration		4,638	4,247
	\$	<u>40,609</u>	<u>\$ 12,740</u>

For the nine months ended September 30, 2023 and 2022, the employees' compensations were estimated and accrued at 11.63% and 3.00%, respectively, of distributable profit for the current period, and the directors' remuneration were estimated and accrued at 1.50% and 1.50%, respectively, of distributable profit of current year as of the end of reporting period.

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

Components of income tax expense:

	Three Months Ended September 30	
	2023	2022
Current tax:		
Current tax expense recognized for the current period	\$ 21,923	\$ 9,450
Prior year income tax under (over) estimation	—	—
Total current tax	21,923	9,450
Deferred tax:		
Origination and reversal of temporary differences	(4,684)	(4,163)
Total deferred tax	(4,684)	(4,163)
Income tax expense recognized in profit or loss	\$ 17,239	\$ 5,287
	Nine Months Ended September 30	
	2023	2022
Current tax:		
Current tax expense recognized for the current period	\$ 43,019	\$ 44,858
Prior year income tax under (over) estimation	21,211	(2)
Total current tax	64,230	44,856
Deferred tax:		
Origination and reversal of temporary differences	(3,955)	(7,613)
Total deferred tax	(3,955)	(7,613)
Income tax expense recognized in profit or loss	\$ 60,275	\$ 37,243

2. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(31) Earnings per share (EPS)

Three Months Ended September 30, 2023			
	Amount after tax	Outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 94,619</u>	<u>78,942</u>	<u>\$ 1.20</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 94,619	78,942	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	–	270	
Employees' compensation	<u>–</u>	<u>413</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 94,619</u>	<u>79,625</u>	<u>\$ 1.19</u>
Three Months Ended September 30, 2022			
	Amount after tax	Weighted average outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 86,884</u>	<u>78,922</u>	<u>\$ 1.10</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 86,884	78,922	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	–	123	
Employees' compensation	<u>–</u>	<u>97</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 86,884</u>	<u>79,142</u>	<u>\$ 1.10</u>

Nine Months Ended September 30, 2023			
	Amount after tax	Outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$210,815</u>	<u>78,942</u>	<u>\$ 2.67</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$210,815	78,942	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	–	252	
Employees' compensation	<u>–</u>	<u>576</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$210,815</u>	<u>79,770</u>	<u>\$ 2.64</u>

Nine Months Ended September 30, 2022			
	Amount after tax	Weighted average outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$230,324</u>	<u>78,487</u>	<u>\$ 2.93</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$230,324	78,487	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	–	184	
Employees' compensation	<u>–</u>	<u>97</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$230,324</u>	<u>78,768</u>	<u>\$ 2.92</u>

(32) Supplemental cash flow information

Investment activities with no cash flow effects:

	Nine Months Ended September 30	
	2023	2022
Transfer of property, plant and equipment to investment property	\$ -	\$ 10,256

(33) Changes in liabilities from financing activities

	Nine Months Ended September 30, 2023		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 9,535	\$ 11,273	\$ 20,808
Changes in cash flow from financing activities	1,264	(4,149)	(2,885)
Addition - Newly added lease contracts	-	2,904	2,904
Lease modification	-	(166)	(166)
At September 30	\$ 10,799	\$ 9,862	\$ 20,661

	Nine Months Ended September 30, 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	318	(3,784)	(3,466)
Addition - Newly added lease contracts	-	2,762	2,762
At September 30	\$ 10,624	\$ 3,532	\$ 14,156

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)	"
ClinJeff Corp.	Other related parties

(2) Significant related party transactions and balances

1. Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Service revenue:			
Perfect Mobile Corp. (Taiwan)	\$ 363	\$ 507	\$ 513
Rent income:			
Perfect Mobile Corp. (Taiwan)	661	661	661
Perfect Corp.(Japan)	698	750	710
	1,359	1,411	1,371
Payment on behalf of others			
Perfect Mobile Corp. (Taiwan)	466	627	275
Perfect Corp.(Japan)	36	32	30
	502	659	305
	\$ 2,224	\$ 2,577	\$ 2,189

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 revenues for the three months and nine months ended September 30, 2023 and 2022 are as follows

	Three Months Ended September 30	
	2023	2022
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	\$ 363	\$ 513
	Nine Months Ended September 30,	
	2023	2022
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	\$ 1,780	\$ 1,862

2. Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Payment on behalf of others:			
Perfect Mobile Corp. (Taiwan)	\$ -	\$ -	\$ 457

It was mainly payments and collections on behalf of others.

3. Rental income (shown as other income)

	Three Months Ended September 30	
	2023	2022
Perfect Mobile Corp. (Taiwan)	\$ 1,894	\$ 1,892
Perfect Corp.(Japan)	644	646
	<u>\$ 2,538</u>	<u>\$ 2,538</u>
	Nine Months Ended September 30	
	2023	2022
Perfect Mobile Corp. (Taiwan)	\$ 5,681	\$ 5,675
Perfect Corp.(Japan)	1,975	2,019
	<u>\$ 7,656</u>	<u>\$ 7,694</u>

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

		<u>September 30, 2023</u>
Within 1 year	\$	1, 773
2024		6, 158
2025		<u>2, 566</u>
	\$	<u><u>10, 497</u></u>
	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Within 1 year	\$	–
		\$ 1, 889
2023		<u>3, 848</u>
	<u>3, 848</u>	<u>3, 848</u>
	\$ 3, 848	\$ 5, 737

4. Lease transactions - 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 September 30, 2023, the accumulated depreciation recognized was \$1,956.

(b) Total lease liabilities

(i) Ending balance

	September 30, 2023	December 31, 2022	September 30, 2022
ClinJeff Corp.	<u>\$ 930</u>	<u>\$ 1,965</u>	<u>\$ 2,194</u>

(ii) Interest expenses:

	Three Months Ended September 30	
	2023	2022
ClinJeff Corp.	<u>\$ 3</u>	<u>\$ 10</u>
	Nine Months Ended September 30	
	2023	2022
ClinJeff Corp.	<u>\$ 18</u>	<u>\$ 17</u>

5. Acquisition of financial assets

Please refer to note 6(6) 4.

(3) Key management Salary information

	Three Months Ended September 30	
	2023	2022
Short-term employee benefits	\$ 13,582	\$ 13,934
Post-employment benefits	175	153
	<u>\$ 13,757</u>	<u>\$ 14,087</u>
	Nine Months Ended September 30	
	2023	2022
Short-term employee benefits	\$ 33,321	\$ 38,594
Post-employment benefits	526	459
	<u>\$ 33,847</u>	<u>\$ 39,053</u>

8. Pledged Assets

None.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
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)	\$ 315,035	\$ 300,818	\$ 328,298
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 248	\$ 248	\$ 248
Financial assets at amortized cost			
Cash and cash equivalents	\$ 413,009	\$ 1,743,889	\$ 754,105
Current financial assets at amortized cost	1,645,770	122,840	1,143,000
Accounts receivable	102,317	119,289	120,848
Other receivables (including related parties)	6,694	6,415	4,002
Guarantee deposits paid (recognized under other financial assets)	7,309	6,801	6,809
	<u>\$ 2,175,099</u>	<u>\$ 1,999,234</u>	<u>\$ 2,028,764</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Accounts payable	\$ 65,062	\$ 54,967	\$ 53,921
Other payables (including related parties)	352,784	343,211	327,578
Guarantee deposits received (recognized under other financial liabilities)	10,799	9,535	10,624
	<u>\$ 428,645</u>	<u>\$ 407,713</u>	<u>\$ 392,123</u>
Lease liabilities (including current and non-current)	<u>\$ 9,862</u>	<u>\$ 11,273</u>	<u>\$ 3,532</u>

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 of Directors 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 currencies, 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 and JPY). Significant financial assets and liabilities denominated in foreign currencies are as follows:

September 30, 2023				Nine Months Ended September 30, 2023		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 42, 040	32. 27	\$1, 356, 631	1%	\$13, 566	\$ –
EUR:NTD	258	33. 91	8, 749	1%	87	–
GBP:NTD	2	39. 23	78	1%	1	–
USD:JPY	784	149. 26	25, 300	1%	253	–
<u>Non-monetary items</u>						
USD:NTD	58, 410	32. 27	1, 884, 886	1%	340	18, 509
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1, 170	32. 27	37, 756	1%	378	–
USD:JPY	860	149. 26	27, 752	1%	278	–

December 31, 2022				Year ended December 31, 2022		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$40,367	30.71	\$1,239,671	1%	\$12,397	\$ -
EUR:NTD	267	31.72	8,736	1%	87	-
GBP:NTD	3	37.09	111	1%	1	-
USD:JPY	1,281	132.14	39,340	1%	393	-
<u>Non-monetary items</u>						
USD:NTD	57,979	30.71	1,780,536	1%	342	17,463
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,184	30.71	36,361	1%	364	-
USD:JPY	1,363	132.14	41,858	1%	419	-
September 30, 2022				Nine Months Ended September 30, 2022		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$36,621	31.75	\$1,162,717	1%	\$11,627	\$ -
EUR:NTD	256	31.26	8,003	1%	80	-
GBP:NTD	10	35.53	355	1%	4	-
USD:JPY	1,396	144.25	44,323	1%	443	-
<u>Non-monetary items</u>						
USD:NTD	1,000	31.75	31,736	1%	317	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	975	31.75	30,956	1%	310	-
USD:JPY	1,218	144.25	38,672	1%	387	-

(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 three months and nine months ended September 30, 2023 and 2022 were a gain of \$39,837, \$46,335, \$60,389 and \$83,128,

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 nine months ended September 30, 2023 and 2022 due to equity instruments measured at fair value through profit or loss will increase or decrease by \$272 and \$254, respectively; the other comprehensive income will increase or decrease by both \$2 from the increase or decrease of equity investments classified as measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- (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 were no borrowing as of September 30, 2023, December 31, 2022 and September 30, 2022, 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 amount of the allowance for accounts receivable provided from applying the simplified approach by the Group is insignificant except for individual customers. The Group takes the customer's past default history and actual financial situation into consideration adjusts the loss rate based on the historical and current information in a specific period, in order to estimate the loss allowance on accounts receivable, the loss rate on September 30, 2023, December 31, 2022, and September 30, 2022 is as follows:

September 30, 2023	Group	Individual	Total
Expected loss rate	0.00%~1.32%	100%	
Total book value	\$ 102,317	\$ 15,583	\$ 117,900
Loss allowance	\$ -	\$ 15,583	\$ 15,583

December 31, 2022	Group	Individual	Total
Expected loss rate	0.00%~1.11%	100%	
Total book value	\$ 119,289	\$ -	\$ 119,289
Loss allowance	\$ -	\$ -	\$ -

September 30, 2022	Group	Individual	Total
Expected loss rate	0.00%~0.51%	100%	
Total book value	\$ 120,848	\$ -	\$ 120,848
Loss allowance	\$ -	\$ -	\$ -

Individual: One of the Group's foreign e-commerce payment service provider has filed for reorganization which has been approved by the court in that country on September 25, 2023. Since the collection of the outstanding accounts receivable could not be reasonably expected as of the three months ended September 30, 2023, the entire amount of the outstanding accounts receivable was recognized as expected credit loss. However, the Group is having ongoing negotiation with the customer and pays close attention to the legal progress of the customer's reorganization and would participate in the upcoming reorganization proceeding to fight for the Group's best interests.

(ix) The Group's simplified table of changes in loss allowance for accounts receivable is as follows:

	Nine Months Ended September 30	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ -	\$ -
Provision for impairment	15,583	-
At September 30	<u>\$ 15,583</u>	<u>\$ -</u>

(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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group held money market position of \$1,985,400, \$1,812,522 and \$1,837,615, 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.

September 30, 2023	Between 2 and		
	Within 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 65,062	\$ -	\$ -
Other payables	352,784	-	-
Lease liabilities (Note)	4,927	5,109	-
Other financial liabilities - guarantee deposits received	5,698	3,064	2,037

December 31, 2022	Between 2 and		
	Within 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
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	–
September 30, 2022	Between 2 and		
	Within 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 53,921	\$ –	\$ –
Other payables (including related parties)	327,578	–	–
Lease liabilities (Note)	2,749	819	–
Other financial liabilities - guarantee deposits received	4,029	6,595	–

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

(3) Fair value information

- 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.
- Fair value information of investment property at cost is provided in Note 6(10).
- 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.
- 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:

September 30, 2023	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ –	\$ –	\$ 34,000	\$ 34,000
Debt instruments	20,370	–	260,665	281,035
Financial assets at fair value through other comprehensive income				
Equity securities	–	–	248	248
Total	<u>\$20,370</u>	<u>\$ –</u>	<u>\$294,913</u>	<u>\$315,283</u>
 December 31, 2022	 Level 1	 Level 2	 Level 3	 Total
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ –	\$ –	\$ 34,249	\$ 34,249
Debt instruments	20,193	–	246,376	266,569
Non-hedging derivatives	–	–	–	–
Financial assets at fair value through other comprehensive income				
Equity securities	–	–	248	248
Total	<u>\$20,193</u>	<u>\$ –</u>	<u>\$280,873</u>	<u>\$301,066</u>
 September 30, 2022	 Level 1	 Level 2	 Level 3	 Total
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ –	\$ –	\$ 31,736	\$ 31,736
Debt instruments	20,140	–	276,422	296,562
Financial assets at fair value through other comprehensive income				
Equity securities	–	–	248	248
Total	<u>\$20,140</u>	<u>\$ –</u>	<u>\$308,406</u>	<u>\$328,546</u>

- (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 the fair values (that is, Level 1) are listed below according to their characteristics:

	<u>Open-end funds</u>
Market quotation	Net asset value

- (ii) Except for the above-mentioned 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 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 nine months ended September 30, 2023 and 2022, there was no transfer into or out from Level 3.

6. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

Nine Months Ended September 30, 2023			
	Equity securities	Debt instruments	Total
At January 1	\$ 34,497	\$ 246,376	\$ 280,873
Acquired in the year	–	5,755	5,755
Proceeds from capital reduction in the year	(249)	–	(249)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	–	(3,150)	(3,150)
Effect of exchange rate changes	–	11,684	11,684
At September 30	<u>\$ 34,248</u>	<u>\$ 260,665</u>	<u>\$ 294,913</u>

Nine Months Ended September 30, 2022			
	Equity securities	Debt instruments	Total
At January 1	\$ 37,929	\$ 237,497	\$ 275,426
Acquired in the year	–	5,373	5,373
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	–	1,800	1,800
Effect of exchange rate changes	–	31,752	31,752
At September 30	<u>\$ 31,984</u>	<u>\$ 276,422</u>	<u>\$ 308,406</u>

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 September 30, 2023	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 34, 248	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	260, 665	Net asset value	Not applicable.	Not applicable.

	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 September 30, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 31,984	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	276,422	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:

			Nine Months Ended September 30, 2023			
			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%	\$ 340	(\$ 340)	\$ 2	(\$ 2)
Debt instruments	Not applicable.	±1%	2,607	(2,607)	—	—
Total			<u>\$ 2,947</u>	<u>(\$ 2,947)</u>	<u>\$ 2</u>	<u>(\$ 2)</u>

			Nine Months Ended September 30, 2022			
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	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%	\$ 317	(\$ 317)	\$ 2	(\$ 2)
Debt instruments	Not applicable.	±1%	2,764	(2,764)	–	–
Total			\$ 3,081	(\$ 3,081)	\$ 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) Information about segments

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

	Nine Months Ended September 30, 2023		
	Media Creation	Media Experience and Entertainment and others	Total
Segment Revenue	\$ 961, 515	\$ 394, 025	\$ 1, 355, 540
Segment Operating Income	\$ 85, 522	\$ 30, 686	\$ 116, 208
Segment income (loss), including:			
Depreciation expense	\$ 9, 246	\$ 3, 317	\$ 12, 563
Amortization expenses	\$ 1, 500	\$ 538	\$ 2, 038

	Nine Months Ended September 30, 2022		
	Media Creation	Media Experience and Entertainment and others	Total
Segment Revenue	\$ 869, 340	\$ 382, 820	\$ 1, 252, 160
Segment Operating Income	\$ 95, 515	\$ 37, 151	\$ 132, 666
Segment income (loss), including:			
Depreciation expense	\$ 9, 608	\$ 3, 737	\$ 13, 345
Amortization expenses	\$ 1, 668	\$ 649	\$ 2, 317

(3) 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.

CYBERLINK CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2023

Table 1

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

				As of September 30, 2023				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	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	–	\$ 34,000	16.67%	\$ 34,000	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	1,313,817	20,370	0.12%	20,370	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non-current financial assets at fair value through profit or loss	3,000,000	18,120	1.90%	18,120	
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 7,516 (in thousands of dollars)	5.37%	USD 7,516 (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

For the nine months ended September 30, 2023

Table 2

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Purchaser/seller	Counterparty	Relationship with the counterparty	The circumstance of the dealings				The circumstances and reasons why the trading terms are different from those of ordinary transactions	Credit Terms	Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit Terms			Balance	Percentage of consolidated total notes/accounts receivable (payable)		
CyberLink Corp.	CyberLink.Com Corp.	A subsidiary of the Company	Sales	\$ 117,696	10%	Note	Same with third parties	Note	\$ 13,864	18%		-

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

For the nine months ended September 30, 2023

Table 3

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				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	\$ 93,186	Note 4	6.9%
0	CyberLink Corp.	CyberLink Inc.	1	Receivables	15,906	Note 4, 5	0.3%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Sales revenue	117,696	Note 4	8.7%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Receivables	16,699	Note 4, 5	0.3%

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

For the nine months ended September 30, 2023

Table 4

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Name of Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment Amount		Shares held as at September 30, 2023			Net income (loss) of investee for this period (Note 2(2))	Investment income (loss) recognized by the Company for the period (Note 2(3))	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Carrying amount			
CyberLink Corp.	CyberLink.Com Corp.	America	Sale of software	\$ 136,327	\$ 136,327	4,000,000	100%	\$ 403,572	(\$ 3,621)	(\$ 3,621)	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,373,806	1,373,806	44,000,000	100%	2,119,933	(532)	(532)	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	227,212	4,247	4,247	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp.(Cayman)	Cayman	Investment activities	1,265,855	1,204,661	36,960,961	31.25%	1,850,886	124,207	–	Investments accounted for using the equity method
				(USD 39,227 in thousands of dollars)	(USD 39,227 in thousands of dollars)			(USD 57,356 in thousands of dollars)	(USD 4,016 in thousands of dollars)		

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 September 30, 2023' 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 for this period' 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

For the nine months ended September 30, 2023

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, 2023	Amount of investment remitted or recovered during the period		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the period (Note 2(2)B)	Carrying amount of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	\$ 79, 287	(2)	\$ 34, 045	\$ 4, 744	\$ -	\$ 38, 789	(\$20, 507)	31. 25%	\$ -	\$ 2, 943	\$ -	Note 4, 5
		(USD 2,457 in thousands of dollars)		(USD 1,055 in thousands of dollars)	(USD 147 in thousands of dollars)		(USD 1,202 in thousands of dollars)						
Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	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.	\$ 38, 789	\$ 77, 383	\$2, 889, 378										
	(USD 1,202 in thousands of dollars)	(USD 2,398 in thousands of dollars)											

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 September 30, 2023’ 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 reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B The financial statements that are reviewed 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. (Cayman), which is the Group’s investee company recognized under the equity method.

CYBERLINK CORP. AND SUBSIDIARIES

Major shareholders information

September 30, 2023

Table 6

Expressed in shares

Name of major shareholder	Shares	
	Number of shares held	Ownership (%)
ClinJeff Corp.	12, 176, 497	15. 42%
Chang, Hua-Jen	7, 862, 716	9. 96%