

LINE Pay Taiwan Limited

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LINE Pay Taiwan Limited

Opinion

We have audited the accompanying parent company only financial statements of LINE Pay Taiwan Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Service Fee Revenue Recognition of the Third-party Payment Transaction

As the service fee revenue derived from the third-party payment services rendered by the Company mainly consists of small and widespread customer service fees, the transaction cash flows involve a large volume of transaction data. Transaction processing relies on an automated information system with manual verification of internal and external transaction information before recognition of service fee revenue.

Due to the reliance on an automated information system for transaction processing, revenue recognition requires system processing with manual verification of internal and external information and involves a large volume of transaction data and frequent processing of transaction reconciliation, which has a significant impact on the financial statements as a whole. Therefore, service fee revenue recognition for third-party payment transaction is identified as a key audit matter for the year ended December 31, 2023.

Our key audit procedures performed with respect to the above-mentioned service fee revenue included the following:

1. We commissioned IT specialists to identify critical systems pertaining to processing third-party payment transactions and service fee revenue recognition, and to test the general information technology controls of those systems, including access controls and change controls.
2. We obtained an understanding and assessed the design and implementation of internal controls over service fee revenue, including controls over verification and reconciliation of internal and external information and revenue recognition, through interviews and examination of relevant documentation. We also tested the effectiveness of the relevant controls.
3. We performed test of details by selecting samples from the service fee revenue ledger and vouching for and tracing third-party payment records.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Cheng Chuan Yu.

 

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 24, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

LINE PAY TAIWAN LIMITED

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Restated)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,147,508	26	\$ 4,801,458	44
Financial assets at amortized cost - current (Notes 4, 7 and 28)	250,000	2	20,000	-
Trade receivables, net (Notes 4, 8 and 19)	234,511	2	177,366	2
Trade receivables from related parties (Notes 4, 19 and 27)	20,259	-	26,345	-
Other receivables (Notes 4 and 8)	2,495,361	21	1,173,369	11
Other receivables from related parties (Notes 4 and 27)	550,977	5	994,958	9
Current tax assets (Notes 4 and 21)	1,178	-	1,647	-
Prepayments (Notes 14 and 27)	3,715	-	5,221	-
Other financial assets - current (Notes 4, 9 and 28)	5,041,759	41	3,294,444	30
Other current assets	8,719	-	-	-
Total current assets	<u>11,753,987</u>	<u>97</u>	<u>10,494,808</u>	<u>96</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7 and 28)	27,000	-	7,000	-
Investments accounted for using the equity method (Notes 4 and 10)	57,870	1	17,150	-
Property, plant and equipment (Notes 4 and 11)	164,639	1	194,527	2
Right-of-use assets (Notes 4 and 12)	27,895	-	61,278	1
Intangible assets (Notes 4, 13 and 27)	60,279	1	576	-
Deferred tax assets (Notes 4 and 21)	38,968	-	94,979	1
Other non-current assets (Note 14)	12,000	-	11,240	-
Total non-current assets	<u>388,651</u>	<u>3</u>	<u>386,750</u>	<u>4</u>
TOTAL	<u>\$ 12,142,638</u>	<u>100</u>	<u>\$ 10,881,558</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4 and 19)	\$ 210,829	2	\$ 106,579	1
Trade payables	3,390	-	3,637	-
Trade payables to related parties (Note 27)	151,088	1	97,532	1
Other payables (Notes 15 and 23)	150,331	1	134,288	1
Other payables to related parties (Note 27)	44,133	1	32,378	-
Current tax liabilities (Notes 4 and 21)	55,737	1	-	-
Provisions - current (Notes 4 and 16)	8,322	-	-	-
Lease liabilities - current (Notes 4 and 12)	29,085	-	34,536	1
Other current liabilities (Notes 15 and 27)	6,091,465	50	5,532,655	51
Total current liabilities	<u>6,744,380</u>	<u>56</u>	<u>5,941,605</u>	<u>55</u>
NON-CURRENT LIABILITIES				
Provisions - non-current (Notes 4 and 16)	-	-	8,231	-
Deferred tax liabilities (Notes 4 and 21)	2,645	-	-	-
Lease liabilities - non-current (Notes 4 and 12)	-	-	29,085	-
Other non-current liabilities (Notes 15 and 23)	7,820	-	1,438	-
Total non-current liabilities	<u>10,465</u>	<u>-</u>	<u>38,754</u>	<u>-</u>
Total liabilities	<u>6,754,845</u>	<u>56</u>	<u>5,980,359</u>	<u>55</u>
EQUITY (Notes 4 and 18)				
Share capital				
Ordinary shares	600,000	5	547,065	5
Capital surplus	4,305,972	35	4,593,411	42
Retained earnings (accumulated deficit)				
Unappropriated earnings (accumulated deficit)	481,608	4	(256,427)	(2)
Other equity	213	-	-	-
Interests attributable to the predecessor under common control	-	-	17,150	-
Total equity	<u>5,387,793</u>	<u>44</u>	<u>4,901,199</u>	<u>45</u>
TOTAL	<u>\$ 12,142,638</u>	<u>100</u>	<u>\$ 10,881,558</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

LINE PAY TAIWAN LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 27)	\$ 4,746,452	100	\$ 3,619,753	100
OPERATING COSTS (Notes 20 and 27)	<u>(3,294,913)</u>	<u>(69)</u>	<u>(2,389,094)</u>	<u>(66)</u>
GROSS PROFIT	<u>1,451,539</u>	<u>31</u>	<u>1,230,659</u>	<u>34</u>
OPERATING EXPENSES (Notes 20 and 27)				
Selling and marketing expenses	(337,040)	(7)	(252,459)	(7)
General and administrative expenses	(428,893)	(9)	(376,035)	(10)
Research and development expenses	(133,600)	(3)	(91,024)	(3)
Expected credit loss	<u>(3,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(902,866)</u>	<u>(19)</u>	<u>(719,518)</u>	<u>(20)</u>
PROFIT FROM OPERATIONS	<u>548,673</u>	<u>12</u>	<u>511,141</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 20 and 27)				
Interest income	52,854	1	11,829	-
Other income	767	-	682	-
Other gains and losses	6,371	-	12,079	1
Finance costs	(641)	-	(1,032)	-
Share of profit or loss of subsidiaries	<u>4,401</u>	<u>-</u>	<u>6,036</u>	<u>-</u>
Total non-operating income and expenses	<u>63,752</u>	<u>1</u>	<u>29,594</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	612,425	13	540,735	15
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(119,436)</u>	<u>(3)</u>	<u>(94,753)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>492,989</u>	<u>10</u>	<u>445,982</u>	<u>12</u>
OTHER COMPREHENSIVE (LOSS)/INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(51)	-	70	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(53)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive (loss)/income for the year, net of income tax	<u>(104)</u>	<u>-</u>	<u>70</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 492,885</u>	<u>10</u>	<u>\$ 446,052</u>	<u>12</u>

(Continued)

LINE PAY TAIWAN LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 481,608	10	\$ 439,946	12
Interests Attributable to the Predecessor under Common Control	<u>11,381</u>	<u>-</u>	<u>6,036</u>	<u>-</u>
	<u>\$ 492,989</u>	<u>10</u>	<u>\$ 445,982</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 481,821	10	\$ 439,946	12
Interests Attributable to the Predecessor under Common Control	<u>11,064</u>	<u>-</u>	<u>6,106</u>	<u>-</u>
	<u>\$ 492,885</u>	<u>10</u>	<u>\$ 446,052</u>	<u>12</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 8.09</u>		<u>\$ 7.51</u>	
Diluted	<u>\$ 7.94</u>		<u>\$ 7.51</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

LINE PAY TAIWAN LIMITED

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Total Equity
	Ordinary Share Capital	Capital Surplus	Retained Earnings (Accumulated Deficits)	Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Interests Attributable to the Predecessor under Common Control	
BALANCE AT JANUARY 1, 2022	\$ 547,065	\$ 4,585,573	\$ (696,373)	\$ -	\$ -	\$ 4,436,265
Retrospective restatement of business combinations under common control	-	-	-	-	(6,126)	(6,126)
BALANCE AT JANUARY 1, 2022 AS RESTATED	<u>547,065</u>	<u>4,585,573</u>	<u>(696,373)</u>	<u>-</u>	<u>(6,126)</u>	<u>4,430,139</u>
Changes from investments in subsidiaries accounted for using the equity method	-	-	-	-	17,170	17,170
Net profit for the year ended December 31, 2022	-	-	439,946	-	6,036	445,982
Other comprehensive income for the year ended December 31, 2022 (Note 18)	-	-	-	-	70	70
Total comprehensive income for the year ended December 31, 2022	-	-	<u>439,946</u>	<u>-</u>	<u>6,106</u>	<u>446,052</u>
Issuance of employee share options by the Company (Notes 18 and 23)	-	7,838	-	-	-	7,838
BALANCE AT DECEMBER 31, 2022	547,065	4,593,411	(256,427)	-	17,150	4,901,199
Other changes in capital surplus (Note 18)						
Changes from investments in subsidiaries accounted for using the equity method	-	26,329	-	-	10,041	36,370
Capital surplus used to offset accumulated deficits	-	(256,427)	256,427	-	-	-
Issuance of share dividends from capital surplus	39,618	(39,618)	-	-	-	-
Issuance of employee share options by the Company (Notes 18 and 23)	-	15,975	-	-	-	15,975
	<u>39,618</u>	<u>(253,741)</u>	<u>256,427</u>	<u>-</u>	<u>10,041</u>	<u>52,345</u>
Net profit for the year ended December 31, 2023	-	-	481,608	-	11,381	492,989
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 18)	-	-	-	213	(317)	(104)
Total comprehensive income for the year ended December 31, 2023	-	-	<u>481,608</u>	<u>213</u>	<u>11,064</u>	<u>492,885</u>
Reorganization (Notes 10 and 18)	-	(169,537)	-	-	(38,255)	(207,792)
Issuance of ordinary shares under employee share options (Notes 18 and 23)	<u>13,317</u>	<u>135,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,156</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 600,000</u>	<u>\$ 4,305,972</u>	<u>\$ 481,608</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 5,387,793</u>

The accompanying notes are an integral part of the parent company only financial statements.

LINE PAY TAIWAN LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 612,425	\$ 540,735
Adjustments for:		
Depreciation expenses	67,766	64,989
Amortization expenses	5,945	188
Expected credit loss recognized on receivables	3,333	-
Finance costs	641	1,032
Interest income	(52,854)	(11,829)
Compensation cost arising from employee share options	15,975	7,838
Share of profit or loss of subsidiaries	(4,401)	(6,036)
Gain on disposal of property, plant and equipment	(42)	-
Gain on foreign currency exchange	(8,637)	(14,759)
Changes in operating assets and liabilities		
Trade receivables	(57,145)	(40,720)
Trade receivables from related parties	6,086	(13,157)
Other receivables	(1,325,325)	(272,347)
Other receivables from related parties	443,981	2,633
Prepayments	1,506	6,560
Other current assets	(8,719)	-
Other financial assets	(1,747,315)	(149,377)
Other non-current assets	(906)	(1)
Contract liabilities	104,250	80,632
Trade payables	(247)	(2,653)
Trade payables to related parties	56,660	29,512
Other payables	15,766	54,583
Other payables to related parties	12,885	13,863
Other current liabilities	558,812	1,459,843
Other non-current liabilities	6,382	1,438
Cash (used in)/generated from operations	(1,293,178)	1,752,967
Interest received	52,854	11,829
Interest paid	(550)	(943)
Income tax (paid)/refunded	(4,627)	6
Net cash (used in)/generated from operating activities	<u>(1,245,501)</u>	<u>1,763,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(250,000)	-
Acquisition of investments accounted for using the equity method	(207,792)	-
Payments for property, plant and equipment	(4,441)	(41,167)
Proceeds from disposal of property, plant and equipment	271	-
Increase in refundable deposits	-	(550)
Decrease in refundable deposits	146	-
Payments for intangible assets	(65,648)	(425)
Net cash used in investing activities	<u>(527,464)</u>	<u>(42,142)</u>

(Continued)

LINE PAY TAIWAN LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (34,536)	\$ (32,302)
Proceeds from employee share options	<u>149,156</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>114,620</u>	<u>(32,302)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,395</u>	<u>14,973</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,653,950)	1,704,388
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,801,458</u>	<u>3,097,070</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,147,508</u>	<u>\$ 4,801,458</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

LINE PAY TAIWAN LIMITED

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

LINE Pay Taiwan Limited (the “Company”) was incorporated in Taipei as a company limited by shares in March 2015. The Company is primarily engaged in data processing services, electronic information supply services and the third-party payment services.

In July 2023, the Company acquired 100% interest in LINE Pay Plus Corporation with a payment amount of ~~NT~~8,800,000 thousand as consideration. The transaction is a business combination under common control; therefore, comparative information of the prior period in the parent company only financial statements is restated as if the combination had already occurred.

On November 17, 2023, the Company’s shares were approved for public offering by the Financial Supervisory Commission Securities and Futures Bureau, and the Company’s shares have been listed on the Taipei Exchange (TPEX) Emerging Stock Board (ESB) since January 26, 2024.

The parent company only financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 28, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Acquisition of investments in subsidiaries under common control

For transactions relating to the acquisition of investments in subsidiaries under common control, the Company shall choose to apply analogously the accounting treatment for business combinations under common control. Therefore, the transaction is accounted for applying the book-value method at the date of the acquisition and comparative information of the prior period in the parent company only financial statements is restated as if the acquisition had already occurred.

e. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are entities that is controlled by the Company.

Under the equity method, investments in a subsidiary are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of the equity of subsidiaries.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade and other receivables at amortized cost, time deposits with maturities of more than three months, restricted time deposit and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade and other receivables).

The Company recognizes lifetime expected credit losses (ECLs) for trade and other receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company): Internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Decommissioning and restoration obligation

Pursuant to the lease agreement, the Company has an obligation, at the end of the respective lease terms, to restore the leased plant assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation stated on the lease contract.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Service fee revenue

The Company provides third-party payment services. The service fee is directly related to the individual distinguishable payment processing services rendered and thus is recognized when the transaction is processed.

2) Financial marketing cooperation

The Company provides financial marketing services. Financial marketing cooperation is recognized when services are provided.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprise the initial measurement of lease liabilities plus an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

o. Share-based payment arrangements

1) Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

2) Equity-settled share-based payment agreements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

3) Cash-settled share-based payment arrangements

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of volatility in financial markets on cash flow projections, growth rates, discount rates, profitability, and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgments, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Demand deposits	<u>\$ 3,147,508</u>	<u>\$ 4,801,458</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	<u>December 31</u>	
	2023	2022
Demand deposits	0.01%-5.12%	0.01%-0.535%

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 250,000	\$ -
Restricted time deposits (b)	<u>-</u>	<u>20,000</u>
	<u>\$ 250,000</u>	<u>\$ 20,000</u>
<u>Non-current</u>		
Restricted time deposits (b)	<u>\$ 27,000</u>	<u>\$ 7,000</u>

- a. The interest rates of time deposits with original maturities of more than 3 months was 1.35% per annum as of December 31, 2023.
- b. According to the cooperation agreement with merchants, the Company is required to pledge a certificate of deposits as a performance guarantee and collateral for present and future obligations. The interest rates of restricted time deposits were both 0.15% per annum as of December 31, 2023 and 2022, respectively. Refer to Note 28 for information on assets pledged as collateral or for security.
- c. The Company has tasked its credit management committee to develop and maintain a credit risk grading framework to assess whether there has been a significant increase in credit risk since the last period to the reporting date and measure the expected credit losses. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate. In determining the expected credit losses on financial assets measured at amortized cost, the Company considers the current financial condition of counterparties and the future prospects of the industries. The Company assesses that the expected credit loss rates of financial assets measured at amortized cost were both 0% per annum as of December 31, 2023 and 2022, respectively.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 234,511	\$ 177,366
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 234,511</u>	<u>\$ 177,366</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Other receivables</u>		
Other receivables - third-party payment (unappropriated)	\$ 2,304,671	\$ 930,720
Other receivables - points issued	190,551	242,649
Others	139	-
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,495,361</u>	<u>\$ 1,173,369</u>

(Concluded)

a. Trade receivables

The Company's trade receivables mainly come from financial promotion services and marketing products. The average credit period is 30 to 90 days, and no interest is charged on overdue trade receivables.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as forward-looking information. As the Company's historical credit loss experience shows different loss patterns for different customer segments, the Company uses different provision matrices based on customer segments by industry region.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of other receivables based on the Company's provision matrix:

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0%	0%	-	-	
Gross carrying amount	\$ 221,908	\$ 12,603	\$ -	\$ -	\$ 234,511
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 221,908</u>	<u>\$ 12,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,511</u>

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0%	0%	-	-	
Gross carrying amount	\$ 165,627	\$ 11,739	\$ -	\$ -	\$ 177,366
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 165,627</u>	<u>\$ 11,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,366</u>

b. Other receivables

Other receivables are payments of credit card transactions collected on behalf of the Company but that have not yet been disbursed by the acquiring banks to the Company's account, and receivables of points issued by the Company for banks and contracted merchants. Other receivables are usually received within 1 to 30 days.

The Company measures the loss allowance for other receivables at an amount equal to lifetime ECLs. The expected credit losses on other receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as forward-looking information. As the Company's historical credit loss experience shows different loss patterns for different customer segments, the Company uses different provision matrices based on customer segments by industry region.

The Company writes off other receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For other receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of other receivables based on the Company's provision matrix:

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0%	0%	-	-	
Gross carrying amount	\$ 2,492,927	\$ 2,434	\$ -	\$ -	\$ 2,495,361
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 2,492,927</u>	<u>\$ 2,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,495,361</u>

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Expected credit loss rate	0%	0%	-	0%	
Gross carrying amount	\$ 1,168,756	\$ 4,487	\$ -	\$ 126	\$ 1,173,369
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,168,756</u>	<u>\$ 4,487</u>	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 1,173,369</u>

The movements of the loss allowance of other receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ -	\$ -
Add: Net remeasurement of loss allowance	3,333	-
Less: Amounts written off	<u>(3,333)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

9. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Escrow account deposit	<u>\$ 5,041,759</u>	<u>\$ 3,294,444</u>

The Company provides third-party payment services where the transaction amounts are deposited in the Company's escrow account as performance guarantee, ensuring the disbursement to merchant. The customers' transaction amounts with contracted merchants via the Company's platform will be directly remitted to the Company's escrow account in the escrow bank, which will disburse the transaction amounts to contracted merchants based on the Company's instructions.

The interest rates of escrow account deposit were 0.51% and 0.385% per annum as of December 31, 2023 and 2022, respectively. Refer to Note 28 for information on assets pledged as collateral or for security.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	<u>December 31</u>	
	2023	2022
LINE Pay Plus Corporation	<u>\$ 57,870</u>	<u>\$ 17,150</u>

The proportion of ownership and voting rights in subsidiaries as of the balance sheet dates were as follows:

	<u>December 31</u>	
	2023	2022
LINE Pay Plus Corporation	100%	100%

In July 2023, the Company acquired 100% interest in LINE Pay Plus Corporation with a payment amount of ~~¥~~8,800,000 thousand (equivalent to NT\$207,792 thousand) as consideration in order to strengthen the system platform development and maintenance related to third-party payment services. The transaction is a business combination under common control. Refer to Note 25 of the consolidated financial statements for information on business combination under common control.

The impact of retrospective adjustments on related items of the parent company only balance sheet is as follow:

	<u>December 31,</u> <u>2022</u>
Investments accounted for using the equity method	<u>\$ 17,150</u>
Interests attributable to the predecessor under common control	<u>\$ 17,150</u>

The impact of retrospective adjustments on related items of the parent company only statement of comprehensive income is as follow:

	For the Year Ended December 31, 2022
Share of profit or loss of subsidiaries accounted for using the equity method	<u>\$ 6,036</u>
Exchange differences on translation of the financial statements of foreign operations	<u>\$ 70</u>

11. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	2023	2022
Assets used by the Company	\$ 155,134	\$ 188,030
Assets leased under operating leases	<u>9,505</u>	<u>6,497</u>
	<u>\$ 164,639</u>	<u>\$ 194,527</u>

a. Assets used by the Company

	Machinery and Equipment	Office Equipment	Leasehold Improvement	Equipment Pending Acceptance	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 14,415	\$ 43,872	\$ 92,607	\$ 122,500	\$ 273,394
Additions	-	4,514	210	-	4,724
Transfers from assets leased under operating leases	10,789	-	-	-	10,789
Transfers to assets leased under operating leases	-	-	-	(12,920)	(12,920)
Disposals	<u>-</u>	<u>(3,095)</u>	<u>-</u>	<u>(229)</u>	<u>(3,324)</u>
Balance at December 31, 2023	<u>\$ 25,204</u>	<u>\$ 45,291</u>	<u>\$ 92,817</u>	<u>\$ 109,351</u>	<u>\$ 272,663</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ 12,322	\$ 25,712	\$ 47,330	\$ -	\$ 85,364
Depreciation expenses	1,653	9,281	18,546	-	29,480
Transfers from assets leased under operating leases	5,780	-	-	-	5,780
Disposals	<u>-</u>	<u>(3,095)</u>	<u>-</u>	<u>-</u>	<u>(3,095)</u>
Balance at December 31, 2023	<u>\$ 19,755</u>	<u>\$ 31,898</u>	<u>\$ 65,876</u>	<u>\$ -</u>	<u>\$ 117,529</u>
Carrying amount at December 31, 2023	<u>\$ 5,449</u>	<u>\$ 13,393</u>	<u>\$ 26,941</u>	<u>\$ 109,351</u>	<u>\$ 155,134</u>

(Continued)

	Machinery and Equipment	Office Equipment	Leasehold Improvement	Equipment Pending Acceptance	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 9,209	\$ 35,287	\$ 63,737	\$ 127,421	\$ 235,654
Additions	-	12,274	28,870	-	41,144
Transfers from assets leased under operating leases	5,206	-	-	-	5,206
Transfers to assets leased under operating leases	-	-	-	(4,921)	(4,921)
Disposals	<u>-</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>(3,689)</u>
Balance at December 31, 2022	<u>\$ 14,415</u>	<u>\$ 43,872</u>	<u>\$ 92,607</u>	<u>\$ 122,500</u>	<u>\$ 273,394</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ 6,986	\$ 20,425	\$ 30,707	\$ -	\$ 58,118
Depreciation expenses	2,072	8,976	16,623	-	27,671
Transfers from assets leased under operating leases	3,264	-	-	-	3,264
Disposals	<u>-</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>(3,689)</u>
Balance at December 31, 2022	<u>\$ 12,322</u>	<u>\$ 25,712</u>	<u>\$ 47,330</u>	<u>\$ -</u>	<u>\$ 85,364</u>
Carrying amount at December 31, 2022	<u>\$ 2,093</u>	<u>\$ 18,160</u>	<u>\$ 45,277</u>	<u>\$ 122,500</u>	<u>\$ 188,030</u> (Concluded)

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	3 years
Office equipment	3-5 years
Leasehold improvement	3-5 years

b. Assets leased under operating leases

	Machinery and Equipment For the Year Ended December 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 8,826	\$ 9,111
Transfers from equipment pending acceptance used by the Company	12,920	4,921
Transfers to machinery and equipment used by the Company	<u>(10,789)</u>	<u>(5,206)</u>
Balance at December 31	<u>\$ 10,957</u>	<u>\$ 8,826</u> (Continued)

	Machinery and Equipment	
	For the Year Ended December 31	
	2023	2022
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 2,329	\$ 1,773
Depreciation expenses	4,903	3,820
Transfers to machinery and equipment used by the Company	<u>(5,780)</u>	<u>(3,264)</u>
Balance at December 31	<u>\$ 1,452</u>	<u>\$ 2,329</u>
Carrying amount at December 31	<u>\$ 9,505</u>	<u>\$ 6,497</u>
		(Concluded)

Operating leases relate to lease of machinery and equipment. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The above items of property, plant and equipment leased under operating lease are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment 3 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	<u>\$ 27,895</u>	<u>\$ 61,278</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 2,674</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 33,383	\$ 33,382
Transportation equipment	<u>-</u>	<u>116</u>
	<u>\$ 33,383</u>	<u>\$ 33,498</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 29,085</u>	<u>\$ 34,536</u>
Non-current	<u>\$ -</u>	<u>\$ 29,085</u>

Range of discount rates for lease liabilities were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	0.72%-1.28%	0.72%-1.28%

c. Material lease activities and terms

The Company leases buildings for the use of offices with lease terms of 3 to 5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from lending, subleasing, or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 3,723</u>	<u>\$ 2,625</u>
Expenses relating to low-value asset leases	<u>\$ 672</u>	<u>\$ 602</u>
Total cash outflow for leases	<u>\$ (39,481)</u>	<u>\$ (36,472)</u>

The Company's leases of certain office equipment and buildings qualify as short-term or low-value asset leases. The Company has elected to apply the recognition exemption, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	Computer Software	Patents	Copyright	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 1,369	\$ -	\$ -	\$ 1,369
Additions (Note 27)	<u>300</u>	<u>57,100</u>	<u>8,248</u>	<u>65,648</u>
Balance at December 31, 2023	<u>\$ 1,669</u>	<u>\$ 57,100</u>	<u>\$ 8,248</u>	<u>\$ 67,017</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 793	\$ -	\$ -	\$ 793
Amortization expenses	<u>270</u>	<u>4,758</u>	<u>917</u>	<u>5,945</u>
Balance at December 31, 2023	<u>\$ 1,063</u>	<u>\$ 4,758</u>	<u>\$ 917</u>	<u>\$ 6,738</u>
Carrying amount at December 31, 2023	<u>\$ 606</u>	<u>\$ 52,342</u>	<u>\$ 7,331</u>	<u>\$ 60,279</u>

(Continued)

	Computer Software	Patents	Copyright	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 955	\$ -	\$ -	\$ 955
Additions	425	-	-	425
Disposals	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
Balance at December 31, 2022	<u>\$ 1,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,369</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 616	\$ -	\$ -	\$ 616
Amortization expenses	188	-	-	188
Disposals	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
Balance at December 31, 2022	<u>\$ 793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793</u>
Carrying amount at December 31, 2022	<u>\$ 576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576</u> (Concluded)

In August and September 2023, the Company purchased the patents and copyright of the payment system from the related parties, LINE Pay Corporation and LINE Corporation (it was renamed LY Corporation from October 2023 on), respectively, with payments of \$57,100 thousand and \$8,248 thousand, respectively.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-5 years
Patents	5 years
Copyright	3 years

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
An analysis of amortization by function		
Operating costs	\$ 5,675	\$ -
General and administrative expenses	<u>270</u>	<u>188</u>
	<u>\$ 5,945</u>	<u>\$ 188</u>

14. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Prepayments		
Prepayments for design (Note 27)	\$ -	\$ 1,967
Prepayments for royalty (Note 27)	1,520	-
Prepayments for printing	-	1,093
Others (Note 27)	<u>2,195</u>	<u>2,161</u>
	<u>\$ 3,715</u>	<u>\$ 5,221</u>
 <u>Non-current</u>		
Refundable deposits	\$ 11,093	\$ 11,239
Others	<u>907</u>	<u>1</u>
	<u>\$ 12,000</u>	<u>\$ 11,240</u>

15. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses (including compensation of employees and remuneration of directors and supervisors)	\$ 37,893	\$ 23,335
Payables for VAT	56,952	69,496
Payables for marketing expenses	18,106	13,529
Payables for professional fees	15,132	18,330
Payable for cash-settled share-based payment transactions (Note 23)	4,085	-
Payables for purchase of equipment	559	276
Others	<u>17,604</u>	<u>9,322</u>
	<u>\$ 150,331</u>	<u>\$ 134,288</u>
Other liabilities		
Points issuance	\$ 2,402,160	\$ 2,449,654
Payables for receipts on behalf of others - third-party payment (settled) (Note 27)	1,746,379	1,765,751
Payables for receipts on behalf of others - third-party payment (not settled)	1,919,441	1,299,660
Advanced receipts	11,674	10,859
Refund liabilities	11,581	-
Receipts under custody	<u>230</u>	<u>6,731</u>
	<u>\$ 6,091,465</u>	<u>\$ 5,532,655</u>
 <u>Non-current</u>		
Payables for cash-settled share-based payment transactions (Note 23)	<u>\$ 7,820</u>	<u>\$ 1,438</u>

16. PROVISIONS

	December 31	
	2023	2022
Restoration obligations - current	\$ 8,322	\$ -
Restoration obligations - non-current	<u> -</u>	<u>\$ 8,231</u>
	Right-of-use Assets	
	Restoration Obligations	
	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 8,231	\$ 5,468
Additions	-	2,674
Interest expenses	<u>91</u>	<u>89</u>
Balance at December 31	<u>\$ 8,322</u>	<u>\$ 8,231</u>

Pursuant to the lease agreement, the Company shall, at the end of the respective lease terms, restore the leased plant assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflow of economic benefits that will be required by the fulfillment of the restoration obligation stated on the lease contract. The estimate will be reviewed regularly and adjusted according to the use of the plant.

17. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

18. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>60,000</u>	<u>54,706</u>
Shares issued and fully paid	<u>\$ 600,000</u>	<u>\$ 547,065</u>

Ordinary shares issued, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

On March 28, 2023, the Company's board of directors resolved to enact the first employee option plan of 2023, with the subscription price set at \$112 per share and the subscription base date set on April 27, 2023. As of the subscription base date, 1,331,750 units of employee share options were exercised. Upon completion of the change registration on May 17, 2023, the share capital was increased to \$560,382 thousand.

The Company's shareholders resolved in the shareholders' meeting on June 28, 2023 to issue 3,962 thousand ordinary shares with a par value of \$10 from capital surplus. On July 17, 2023, the subscription base date was determined by the board of directors to be August 14, 2023, increasing the share capital to \$600,000 thousand.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares premium	\$ 4,244,545	\$ 4,574,288
Conversion of employee share options	2,317	-
Forfeited employee share options	689	-
<u>May be used to offset a deficit</u>		
Share of changes in capital surplus of subsidiaries	26,329	-
<u>May not be used for any purpose</u>		
Employee share options	<u>32,092</u>	<u>19,123</u>
	<u>\$ 4,305,972</u>	<u>\$ 4,593,411</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

A reconciliation of the balance of each class of capital surplus in 2023 and 2022 was as follows:

	Issuance of Ordinary Shares	Conversion of Employee Share Options	Forfeited Employee Share Options	Employee Share Options	Share of Changes in Capital Surplus of Subsidiaries	Total
Balance at January 1, 2023	\$ 4,574,288	\$ -	\$ -	\$ 19,123	\$ -	\$ 4,593,411
Capital surplus used to offset accumulated deficits	(256,427)	-	-	-	-	(256,427)
Difference between consideration and carrying amount of subsidiaries acquired	(169,537)	-	-	-	-	(169,537)
Share-based payments	-	-	-	15,975	26,329	42,304
Exercised employee share options	135,839	2,317	-	(2,317)	-	135,839
Capital surplus transferred to share capital	(39,618)	-	-	-	-	(39,618)
Forfeited employee share options	-	-	689	(689)	-	-
Balance at December 31, 2023	<u>\$ 4,244,545</u>	<u>\$ 2,317</u>	<u>\$ 689</u>	<u>\$ 32,092</u>	<u>\$ 26,329</u>	<u>\$ 4,305,972</u>

(Continued)

	Issuance of Ordinary Shares	Conversion of Employee Share Options	Forfeited Employee Share Options	Employee Share Options	Share of Changes in Capital Surplus of Subsidiaries	Total
Balance at January 1, 2022	\$ 4,574,288	\$ -	\$ -	\$ 11,285	\$ -	\$ 4,585,573
Share-based payments	-	-	-	7,838	-	7,838
Balance at December 31, 2022	<u>\$ 4,574,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,123</u>	<u>\$ -</u>	<u>\$ 4,593,411</u>

(Concluded)

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 20(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The deficit compensation for 2021 was approved in the shareholders' regular meetings on August 16, 2022. Due to the accumulated deficits in 2021, there was no distribution of retained earnings or appropriation of earnings to the legal reserve.

The deficit compensation for 2022, which had been resolved by the shareholders in their meeting on June 28, 2023, was as follows:

	For the Year Ended December 31, 2022
Capital surplus used to offset accumulated deficits	<u>\$ 256,427</u>

The appropriation of earnings for 2023, which was proposed by the Company's board of directors on March 28, 2024, was as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 48,161</u>

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	266	-
Income tax related to exchange differences on the translation of the financial statements of foreign operations	(53)	-
Other comprehensive income recognized for the year	213	-
Balance at December 31	<u>\$ 213</u>	<u>\$ -</u>

e. Interests attributable to the predecessor under common control

Exchange differences on the net assets of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 70	\$ -
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(317)	70
Income tax related to exchange differences on the translation of the financial statements of foreign operations	-	-
Reorganization	247	-
Balance at December 31	<u>\$ -</u>	<u>\$ 70</u>

19. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Service fee revenue - third-party payment	\$ 3,974,474	\$ 2,952,057
Financial marketing cooperation	569,116	468,157
Others	202,862	199,539
	<u>\$ 4,746,452</u>	<u>\$ 3,619,753</u>

Refer to Note 4 for the information of performance obligations related to customer contracts.

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 8)	<u>\$ 234,511</u>	<u>\$ 177,366</u>	<u>\$ 136,646</u>
Trade receivables from related parties	<u>\$ 20,259</u>	<u>\$ 26,345</u>	<u>\$ 13,188</u>
Contract liabilities - current	<u>\$ 210,829</u>	<u>\$ 106,579</u>	<u>\$ 25,947</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year for the years ended December 31, 2023 and 2022 was \$20,406 thousand and \$15,218 thousand, respectively.

20. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Bank deposits	\$ 52,853	\$ 11,829
Others	<u>1</u>	<u>-</u>
	<u>\$ 52,854</u>	<u>\$ 11,829</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income	\$ 548	\$ 487
Others	<u>219</u>	<u>195</u>
	<u>\$ 767</u>	<u>\$ 682</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Net foreign exchange gains	\$ 6,337	\$ 13,120
Gain on disposal of property, plant and equipment	42	-
Others	<u>(8)</u>	<u>(1,041)</u>
	<u>\$ 6,371</u>	<u>\$ 12,079</u>

Net foreign exchange gains:

	<u>For the Year Ended December 31</u>	
	2023	2022
Foreign exchange gains	\$ 27,733	\$ 33,515
Foreign exchange losses	<u>(21,396)</u>	<u>(20,395)</u>
Net foreign exchange gains	<u>\$ 6,337</u>	<u>\$ 13,120</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest on lease liabilities	\$ 550	\$ 943
Other finance costs	<u>91</u>	<u>89</u>
	<u>\$ 641</u>	<u>\$ 1,032</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2023	2022
An analysis of depreciation by function		
Operating expenses	<u>\$ 67,766</u>	<u>\$ 64,989</u>
An analysis of amortization by function		
Operating costs	\$ 5,675	\$ -
Operating expenses	<u>270</u>	<u>188</u>
	<u>\$ 5,945</u>	<u>\$ 188</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Short-term employee benefits	\$ 234,958	\$ 199,494
Post-employment benefits	9,508	7,488
Share-based payments (Note 23)		
Equity-settled	15,975	7,838
Cash-settled	10,467	1,438
Other employee benefits	<u>26,158</u>	<u>20,972</u>
Total employee benefits expenses	<u>\$ 297,066</u>	<u>\$ 237,230</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 297,066</u>	<u>\$ 237,230</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company’s Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. But if the Company still has accumulated deficits, it shall first set aside an amount to offset of the deficits.

The Company did not accrue compensation of employees and remuneration of directors and supervisors for the year ended December 31, 2022 due to the accumulated deficits.

The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2023, which were approved by the Company’s board of directors on March 28, 2024 are as follows:

Accrual rate

	For the Year Ended December 31, 2023
Compensation of employees	1.01%
Remuneration of directors and supervisors	-

Amount

	For the Year Ended December 31, 2023
	Cash
Compensation of employees	<u>\$ 6,142</u>
Remuneration of directors and supervisors	<u>\$ -</u>

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recognized as a change in the accounting estimate and recorded in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current income tax		
In respect of the current year	\$ 60,833	\$ -
Deferred income tax		
In respect of the current year	<u>58,603</u>	<u>94,753</u>
Income tax expense recognized in profit or loss	<u>\$ 119,436</u>	<u>\$ 94,753</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 612,425</u>	<u>\$ 540,735</u>
Income tax expense calculated at the statutory rate (20%)	\$ 122,485	\$ 108,147
Nondeductible expenses in determining taxable income	3,829	1,308
Unrecognized deductible temporary differences	(4,602)	(1,348)
Unrecognized loss carryforwards used	-	(12,147)
Others	<u>(2,276)</u>	<u>(1,207)</u>
Income tax expense recognized in profit or loss	<u>\$ 119,436</u>	<u>\$ 94,753</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ 53</u>	<u>\$ -</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 1,178</u>	<u>\$ 1,647</u>
Current tax liabilities		
Income tax payable	<u>\$ 55,737</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized exchange losses	\$ 43	\$ (43)	\$ -	\$ -
Unrealized marketing expense	14,817	16,785	-	31,602
Depreciation of restoration costs	892	381	-	1,273
Cash-settled share-based payment transactions	287	2,094	-	2,381
Refund liabilities	-	2,316	-	2,316
Loss on investment in subsidiaries accounted for using the equity method	-	1,396	-	1,396
Loss carryforwards	<u>78,940</u>	<u>(78,940)</u>	<u>-</u>	<u>-</u>
	<u>\$ 94,979</u>	<u>\$ (56,011)</u>	<u>\$ -</u>	<u>\$ 38,968</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	\$ -	\$ 848	\$ -	\$ 848
Unrealized refund costs	-	1,744	-	1,744
Exchange differences on translating the financial statements of foreign operations	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>
	<u>\$ -</u>	<u>\$ 2,592</u>	<u>\$ 53</u>	<u>\$ 2,645</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized exchange losses	\$ -	\$ 43	\$ -	\$ 43
Unrealized marketing expense	14,817	-	-	14,817
Depreciation of restoration costs	511	381	-	892
Cash-settled share-based payment transactions	-	287	-	287
Loss carryforwards	<u>174,555</u>	<u>(95,615)</u>	<u>-</u>	<u>78,940</u>
	<u>\$ 189,883</u>	<u>\$ (94,904)</u>	<u>\$ -</u>	<u>\$ 94,979</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	<u>\$ 151</u>	<u>\$ (151)</u>	<u>\$ -</u>	<u>\$ -</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	December 31	
	2023	2022
Deductible temporary differences		
Accrued marketing expense	<u>\$ -</u>	<u>\$ 23,010</u>

- f. Income tax assessments

The income tax returns of the Company before March 31, 2022 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 8.09</u>	<u>\$ 7.51</u>
Diluted earnings per share	<u>\$ 7.94</u>	<u>\$ 7.51</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 14, 2023. The basic and diluted earnings per share adjusted retroactively for the year ended December 31, 2022 were as follows:

	Before Retrospectively Adjusted	After Retrospectively Adjusted
Basic earnings per share	<u>\$ 8.04</u>	<u>\$ 7.51</u>
Diluted earnings per share	<u>\$ 8.04</u>	<u>\$ 7.51</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	\$ 481,608	\$ 439,946
Profit for the year attributable to the predecessor under common control	<u>11,381</u>	<u>6,036</u>
Profit for the year	<u>\$ 492,989</u>	<u>\$ 445,982</u>
Earnings used in the computation of basic earnings per share and diluted earnings per share	<u>\$ 481,608</u>	<u>\$ 439,946</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	59,543	58,574
Effect of potentially dilutive ordinary shares		
Compensation of employees	28	-
Employee share options	<u>1,070</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>60,641</u>	<u>58,574</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the parent company

In order to attract and retain professional personnel for the Company and incentivize employee morale to create profits for both the Company and its shareholders, the intermediate parent company, Z Holdings Corporation (it was renamed LY Corporation from October 2023 on), through resolutions of the board of directors, enacted terms and conditions for the issuance of employee share option plans. The following employee share options were issued to employees of the Company:

Grant Date	Granted Units	Exercise Prices (In JPY)
March 31, 2021	373,650	¥ 481
April 28, 2020	239,700	298
July 29, 2019	104,575	298

Qualified employees of the parent company and its subsidiaries were granted options in the intermediate parent company, LY Corporation. Each option entitles the holder to subscribe for 1,175 ordinary shares of the parent company. The options granted are valid for 7 years and exercisable at certain percentages after the second to fifth anniversary of the grant date. The performance of the share option is delivered by the parent company by issuing new shares. For any subsequent changes in the parent company's share capital, the exercise price is adjusted accordingly.

Due to organizational restructuring, the intermediate parent company, Z Holdings Corporation, merged with the original parent company, LINE Corporation, and other companies within the group in October 2023, and was renamed LY Corporation.

Information on employee share options was as follows:

Employee Share Options	For the Year Ended December 31, 2023					
	Granted on March 31, 2021	Granted on April 28, 2020		Granted on July 29, 2019		
	Number of Options	Weighted-average Exercise Price (In JPY)	Number of Options	Weighted-average Exercise Price (In JPY)	Number of Options	Weighted-average Exercise Price (In JPY)
Balance at January 1	329,000	¥ 481	175,075	¥ 298	95,175	¥ 298
Options granted	-	-	-	-	-	-
Options transferred-in	125,725	481	125,725	298	105,750	298
Options forfeited	(18,800)	481	(10,575)	298	(8,225)	298
Options exercised	-	-	(2,350)	298	(4,700)	298
Balance at December 31	<u>435,925</u>	481	<u>287,875</u>	298	<u>188,000</u>	298
Options exercisable, end of the year	<u>103,400</u>	481	<u>155,100</u>	298	<u>86,950</u>	298

Employee Share Options	For the Year Ended December 31, 2022					
	Granted on March 31, 2021	Granted on April 28, 2020		Granted on July 29, 2019		
	Number of Options	Weighted-average Exercise Price (In JPY)	Number of Options	Weighted-average Exercise Price (In JPY)	Number of Options	Weighted-average Exercise Price (In JPY)
Balance at January 1	347,800	¥ 481	191,525	¥ 298	96,350	¥ 298
Options granted	-	-	-	-	-	-
Options forfeited	(18,800)	481	(7,050)	298	-	-
Options exercised	-	-	(9,400)	298	(1,175)	298
Balance at December 31	<u>329,000</u>	481	<u>175,075</u>	298	<u>95,175</u>	298
Options exercisable, end of the year	<u>-</u>	-	<u>42,300</u>	298	<u>11,750</u>	298

Information on outstanding options was as follows:

	December 31	
	2023	2022
Range of exercise price (in JPY)	¥298-¥481	¥298-¥481
Weighted-average remaining contractual life (in years)	6.16 years	7.25 years

Options granted as above are priced using the binomial option pricing model, and the inputs to the model are as follows:

	Grant Date		
	March 31, 2021	April 28, 2020 (Note)	July 29, 2019 (Note)
Grant-date share price (in JPY)	¥550.6	¥550.6	¥550.6
Exercise price (in JPY)	¥481	¥298	¥298
Expected volatility	35.33%	36.48%	36.48%
Expected life (in years)	9.62	8.28	8.28
Expected dividend yield	1.010%	1.010%	1.010%
Risk-free interest rate	0.075%	0.017%	0.017%

Note: Since the original ultimate parent company, NAVER Corporation, was merged with SoftBank Group Corp. in March 2021, the fair value of related employee share options was re-measured on March 31, 2021, and compensation costs were recognized based on the re-measured fair value of employee share options since that date.

Compensation costs recognized were \$6,296 thousand and \$7,838 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Employee share option plan of the Company

On March 28, 2023, the Company's board of directors resolved to approve the first, second and third employee stock option issuance and subscription plan for fiscal year 2023, which approved the issuance of the following employee stock options to the employees of the Company and its subsidiaries who meet certain criteria, respectively:

Terms	Authorized Units	Exercise Price (NT\$)
First of 2023	1,727,750	\$ 112
Second of 2023	1,827,750	112
Third of 2023	1,914,500	112

The above employee stock options may be issued in one or several installments within one year after the resolutions of the board of directors, with the actual grant dates determined by the chairman. Each option entitles the holder to the right to subscribe for one ordinary share of the Company.

In accordance with the first employee share option plan of 2023, the options were vested immediately on the date of grant. The stock option is exercisable by the stock option holder within one month from the date of grant and is deemed to be forfeited after the expiration of the period.

In accordance with the second employee share option plan of 2023, the stock options are valid for 10 years. The stock option holders may exercise the stock option in accordance with the plan after the third anniversary of the grant date.

In accordance with the third employee share option plan of 2023, the stock options are valid for 10 years. The stock option holders may exercise the stock option in accordance with the plan after the third to fifth anniversary of the grant date at certain percentages.

The performance of the share option is delivered by the Company by issuing new shares. For any subsequent changes in the Company's share capital, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

Employee Share Options	For the Year Ended December 31, 2023					
	First of 2023		Second of 2023		Third of 2023	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	-	\$ -	-	\$ -	-	\$ -
Options granted	1,727,750	112.00	1,827,750	112.00	1,394,000	108.57
Options forfeited	-	-	(29,500)	112.00	-	-
Options exercised	(1,331,750)	112.00	-	-	-	-
Options expired	(396,000)	112.00	-	-	-	-
Balance at December 31	=====	-	<u>1,798,250</u>	104.60	Note	<u>1,394,000</u> 104.60 Note

(Continued)

Employee Share Options	For the Year Ended December 31, 2023					
	First of 2023		Second of 2023		Third of 2023	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Options exercisable, end of the year	=	\$ -	=	\$ -	=	\$ -
Weighted-average fair value of options granted (\$)	<u>\$ 1.74</u>		<u>\$ 50.67</u>		<u>\$ 51.81</u>	

(Concluded)

Note: The exercise prices have been adjusted to account for the issuance of bonus shares.

Information on outstanding options was as follows:

	December 31, 2023
Range of exercise price (NT\$)	\$104.60
Weighted-average remaining contractual life (in years)	9.53 years

Options granted as above are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Employee share option plan of the Company		
	Granted on March 28, 2023		
	First of 2023	Second of 2023	Third of 2023
Grant-date share price (NT\$)	\$104.84	\$104.84	\$104.84
Exercise price (NT\$)	\$112	\$112	\$112
Expected volatility	50.36%	48.45%	47.64%-48.45%
Expected life (in years)	0.04	6.50	6.50-7.50
Expected dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	0.94%	1.15%	1.15%-1.16%

	Employee share option plan of the Company		
	Granted on July 3, 2023		Granted on October 31, 2023
	Second of 2023	Third of 2023	Third of 2023
Grant-date share price (NT\$)	\$107.32	\$107.32	\$106.97
Exercise price (NT\$)	\$112	\$112	\$104.6
Expected volatility	48.63%	47.33%-48.63%	46.39%-47.65%
Expected life (in years)	6.50	6.50-7.50	6.50-7.50
Expected dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	1.11%	1.11%-1.14%	1.26%-1.27%

For the year ended December 31, 2023, the Company recognized compensation costs of \$9,679 thousand and capital contributions to subsidiaries of \$16,510 thousand.

c. Cash-settled share-based payments of the parent company

In August 2022, LINE Group issued a plan for share-based payments with employee reward points. The cash-settled share-based payments of the plan apply to employees of the Company. This plan aims to reward all employees of the group subsidiaries who have been awarded points based on their achievements. The share-based payments will be settled in cash when the vesting conditions are fulfilled.

The Company recorded compensation costs in respect of cash-settled share-based payments of \$10,467 thousand and \$1,438 thousand for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company recorded liabilities of \$11,905 thousand and \$1,438 thousand, respectively, under other payables and other non-current liabilities. Refer to Note 15.

24. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

As of December 31, 2023 and 2022, the Company had not yet paid for the acquisition of property, plant and equipment at amounts of \$559 thousand and \$276 thousand, respectively, which were recorded under other payables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Interest Expenses	Others	
Lease liabilities	\$ 63,621	\$ (34,536)	\$ -	\$ 550	\$ (550)	\$ 29,085

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Interest Expenses	Others	
Lease liabilities	\$ 95,923	\$ (32,302)	\$ -	\$ 943	\$ (943)	\$ 63,621

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves, retained earnings/accumulated deficits and other equity).

Key management personnel of the Company review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders or the number of new shares issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value, approximate their fair value, or the fair value of such assets and liabilities cannot be reliably measured.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 11,778,468	\$ 10,506,179
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	6,317,992	5,690,069

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties, other financial assets and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise trade payables, trade payables to related parties, other payables (excluding payables for salaries or bonuses, payables for VAT and payables for cash-settled share-based payment transactions), other payables to related parties, and other current liabilities (excluding advanced receipts, refund liabilities and receipts under custody).

c. Financial risk management objectives and policies

The Company's major financial instruments include receivables, other financial assets, payables and other current liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

The corporate treasury function reports regularly to the Company's management, which monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 29.

Sensitivity analysis

The Company is mainly exposed to the USD and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<u>USD Impact</u>		<u>JPY Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit or loss	\$ (157)	\$ 354	\$ 328	\$ 742

The above result was mainly attributable to the exposure on outstanding bank deposits, receivables and payables in USD and JPY that were not hedged at the end of the year.

The Company's sensitivity to USD and JPY decreased during the current year mainly due to the increase in net assets or decrease in net liabilities in USD and JPY.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial assets	\$ 277,000	\$ 27,000
Financial liabilities	37,407	71,852
Cash flow interest rate risk		
Financial assets	8,189,267	8,095,902

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$81,893 thousand and \$80,959 thousand, respectively, which was mainly a result of the Company's exposure to interest rates of demand deposits and other financial assets.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in floating rate financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligations, could be equal to the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

In order to minimize credit risk, the management of the Company is responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2023

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ 3,915,832	\$ -	\$ -	\$ -
Lease liabilities	<u>2,924</u>	<u>5,848</u>	<u>20,467</u>	<u>-</u>
	<u>\$ 3,918,756</u>	<u>\$ 5,848</u>	<u>\$ 20,467</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing liabilities	\$ 3,232,815	\$ 7,600	\$ -	\$ -
Lease liabilities	<u>2,924</u>	<u>5,848</u>	<u>26,314</u>	<u>29,238</u>
	<u>\$ 3,235,739</u>	<u>\$ 13,448</u>	<u>\$ 26,314</u>	<u>\$ 29,238</u>

27. TRANSACTIONS WITH RELATED PARTIES

On December 31, 2021, the Company's parent company was LINE Pay Corporation, which held 70.01% of the ordinary shares of the Company. Due to the adjustment of the group structure, starting in October 2022, LINE Financial Corporation held 70.01% of the ordinary shares of the Company. As part of the further adjustment of the group structure, LINE Financial Plus Corporation held 70.01% of the ordinary shares of the Company starting in December 2022. The Company's ultimate parent company is SoftBank Group Corp.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taipei Fubon Commercial Bank Co., Ltd.	The Company's shareholder
Union Bank of Taiwan Co., Ltd.	The Company's shareholder
SoftBank Group Corp.	Ultimate parent company
LY Corporation (Note 1)	Parent company
LINE Pay Plus Corporation (Note 2)	Subsidiary
LINE Pay Corporation (Note 3)	Fellow subsidiary
IPX Corporation	Fellow subsidiary
LINE UP Corporation (Note 4)	Fellow subsidiary
LINE Plus Corporation	Fellow subsidiary
LINE Taiwan Limited	Fellow subsidiary
LINE Friends Taiwan Limited	Fellow subsidiary
NAVER Cloud Corporation	Related party in substance
Choco Media Co., Limited	Related party in substance
JDW Co., Ltd. (Note 5)	Related party in substance
LINE Bank Taiwan Limited	Related party in substance

Note 1: Due to organizational restructuring, the intermediate parent company, Z Holdings Corporation, merged with the original parent company, LINE Corporation, and other companies within the group in October 2023 and was renamed LY Corporation. The rights and obligations of the Company and the original parent company, LINE Corporation, are assumed by LY Corporation.

Note 2: LINE Pay Plus Corporation was established in April 2023 as a subsidiary of a sister company, LINE Biz Plus Corporation. In July 2023, the Company acquired 100% of the shares of LINE Pay Plus Corporation from LINE Biz Plus Corporation.

Note 3: Due to the adjustment of the group structure, the Company's original parent company, LINE Pay Corporation, became a fellow subsidiary in October 2022.

Note 4: Due to the adjustment of the group structure, LINE UP Corporation was merged with LINE Plus Corporation in August 2022.

Note 5: Due to changes in percentage of ownership, the Company's original fellow subsidiary, JDW Co., Ltd., became a related party in substance in September 2023. The related party transactions for the year ended December 31, 2022 are disclosed based on the above new related party category.

b. Operating revenue

Related Party Category/Name	Nature	For the Year Ended December 31	
		2023	2022
Parent company			
LY Corporation	Service fee revenue (1)	\$ 230,703	\$ 233,722
Fellow subsidiaries			
	Service fee revenue (3)	25,187	21,775
	Others	7,925	12,378
The Company's shareholders			
	Service fee revenue (3)	11,558	4,708
	Financial marketing cooperation (2)	126,375	120,716
	Others	3,161	2,672
Related parties in substance			
	Service fee revenue (3)	23,244	22,423
	Others	<u>1,191</u>	<u>3,634</u>
		<u>\$ 429,344</u>	<u>\$ 422,028</u>

1) The Company entered into a LINE Points business agreement with LINE Corporation (it was renamed LY Corporation from October 2023 on) on September 4, 2017. The service fee revenue is charged based on the usage ratio of LINE Points according to the contract.

2) The Company entered into business collaboration agreements with related parties. Based on the agreements, the Company shall recognize financial marketing cooperation revenue for providing promotion services for co-branded cards issued by banks.

3) The Company entered into platform operator service agreements with related parties. Based on the agreements, the Company shall recognize service fee revenue for providing third-party payment services. The service fee revenue is charged based on a fixed rate of the transaction amount of third-party payments.

The transaction prices and credit terms with related parties are in accordance with the agreement.

c. Operating costs

Related Party Category/Name	Nature	For the Year Ended December 31	
		2023	2022
Subsidiary			
LINE Pay Plus Corporation	System management service costs (1)	\$ 177,833	\$ -
Fellow subsidiaries			
LINE Pay Corporation	System management service costs (2)	270,104	314,808
Others			
The Company's shareholders	Others	10,918	3,294
Taipei Fubon Commercial Bank Co., Ltd.	Service fee costs (3)	725,050	658,033
Others	Service fee costs (3)	<u>178,988</u>	<u>104,278</u>
		<u>\$ 1,362,893</u>	<u>\$ 1,080,413</u>

- 1) In August 2023, the Company entered into a management service agreement with LINE Pay Plus Corporation. Under the agreement, LINE Pay Plus Corporation will provide services related to the development, maintenance and operation of the payment system and software from August 1, 2023 until the termination of the agreement by mutual consent. LINE Pay Plus Corporation charges a monthly fee based on the actual number of hours invested by LINE Pay Plus Corporation.
- 2) In 2019, the Company entered into a management service agreement with LINE Pay Corporation. Under the agreement, LINE Pay Corporation will provide services related to the development, maintenance and operation of the payment system, hardware and software. The agreement is in effect from January 1, 2019 until September 21, 2023, and will be extended automatically upon expiration of the contract if there are no objections. The fee is calculated on a cost basis based on the transaction volume of LINE Pay service plus an 8% markup and an additional system usage license fee of 1% of the monthly service fee revenues of the Company. Because the Company acquired patents of the payment system from LINE Pay Corporation, the Company entered into a supplementary agreement with LINE Pay Corporation in August 2023, under which the calculation of fees will be changed to a 5.5% markup on the cost of services rendered by LINE Pay Corporation. The fee is recognized as operating cost or operating expense based on its nature.
- 3) Service fee costs were computed based on transaction amounts and agreed-upon service fee rates.

The transaction prices and credit terms with related parties conform to regular business practice and are not different from those with unrelated parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Fellow subsidiaries	\$ 1,301	\$ 1,826
	The Company's shareholders		
	Taipei Fubon Commercial Bank Co., Ltd.	15,634	21,095
	Others	<u>3,324</u>	<u>3,424</u>
		<u>\$ 20,259</u>	<u>\$ 26,345</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables - third-party payment (unappropriated)	The Company's shareholders		
	Taipei Fubon Commercial Bank Co., Ltd.	\$ 65,084	\$ 518,768
	Union Bank of Taiwan Co., Ltd.	<u>215,998</u>	<u>84,601</u>
		<u>\$ 281,082</u>	<u>\$ 603,369</u>
Other receivables - points issued	Fellow subsidiary		
	LINE Taiwan Limited	\$ 152,884	\$ 275,275
	The Company's shareholders		
	Taipei Fubon Commercial Bank Co., Ltd.	86,428	86,445
	Others	<u>30,583</u>	<u>29,869</u>
		<u>\$ 269,895</u>	<u>\$ 391,589</u>

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized on trade and other receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Subsidiary		
	LINE Pay Plus Corporation	\$ 106,917	\$ -
	Fellow subsidiaries		
	LINE Pay Corporation	23,558	81,730
	LINE Taiwan Limited	<u>20,613</u>	<u>15,802</u>
		<u>\$ 151,088</u>	<u>\$ 97,532</u>
Other payables	Parent company	\$ 124	\$ 405
	Subsidiary		
	LINE Pay Plus Corporation	26,224	-
	Fellow subsidiaries		
	LINE Pay Corporation	17,278	16,874
	LINE Plus Corporation	84	14,940
	Others	188	143
	Related parties in substance	235	-
	The Company's shareholders	<u>-</u>	<u>16</u>
		<u>\$ 44,133</u>	<u>\$ 32,378</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Payables for receipts on behalf of others - third-party payment (settled) (classified as other current liabilities)	Parent company	\$ 20,848	\$ 73,839
	Fellow subsidiaries	43,434	153,719
	Related parties in substance	4,291	7,495
		<u> </u>	<u> </u>
		<u>\$ 68,573</u>	<u>\$ 235,053</u>

The outstanding trade and other payables to related parties are unsecured.

f. Prepayments

Related Party Category/Name	December 31	
	2023	2022
Parent company	\$ 480	\$ 394
Fellow subsidiary IPX Corporation	<u>1,520</u>	<u>1,967</u>
	<u>\$ 2,000</u>	<u>\$ 2,361</u>

g. Acquisition of intangible assets

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Parent company LY Corporation	\$ 8,248	\$ -
Fellow subsidiary LINE Pay Corporation	<u>57,100</u>	<u>-</u>
	<u>\$ 65,348</u>	<u>\$ -</u>

h. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Marketing expenses	Fellow subsidiaries	<u>\$ 702</u>	<u>\$ 1,420</u>
Management service expenses	Parent company (1)	\$ 5,397	\$ 6,186
	Fellow subsidiaries LINE Pay Corporation (c)	63,494	66,562
	Others	689	1,189
	Related parties in substance	<u>550</u>	<u>-</u>
		<u>\$ 70,130</u>	<u>\$ 73,937</u>

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Other management expenses	Parent company	\$ 1,846	\$ 1,447
	Fellow subsidiaries	41	-
	The Company's shareholders	<u>-</u>	<u>16</u>
		<u>\$ 1,887</u>	<u>\$ 1,463</u>
Research and development expenses	Subsidiary		
	LINE Pay Plus Corporation (2)	\$ 65,255	\$ -
	Fellow subsidiaries		
	LINE UP Corporation (2)	-	33,012
	LINE Plus Corporation (2)	<u>16,273</u>	<u>25,325</u>
		<u>\$ 81,528</u>	<u>\$ 58,337</u>

- 1) In 2017, the Company entered into a management service agreement with LINE Corporation (it was renamed LY Corporation from October 2023 on). Under the agreement, LY Corporation shall provide services related to the use and maintenance of LINE POINTS system for a period of one year, which will be automatically extended upon expiration of the agreement if there are no objections. The fee is calculated on the basis of a monthly fee of ¥1,755 thousand. In September 2023, the Company acquired the copyright of LINE POINTS system and the management service agreement was re-signed. The calculation of the fee changed to ¥40 thousand and ₩6,145 thousand per month, and the Company shall pay the US dollar equivalents.
- 2) On January 1, 2021, the Company entered into a service agreement with LINE UP Corporation. Under the agreement, LINE UP Corporation shall provide LINE Pay application development and maintenance services. The service expense is charged monthly based on the actual hours spent. From August 2022 on, LINE Plus Corporation continued to provide the services as LINE UP Corporation was merged with LINE Plus Corporation. Since LINE Pay Plus Corporation was established in April 2023, the service has been provided by since then.
- 3) The Company paid \$46,015 thousand and \$27,167 thousand, respectively, to LY Corporation for the years ended December 31, 2023 and 2022 for transactions conducted by consumers to purchase products from LINE STORE using LINE Points whose costs are borne by the Company.

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 38,491	\$ 22,054
Post-employment benefits	897	556
Share-based payments		
Equity-settled	9,385	896
Cash-settled	3,701	122
Other employee benefits	<u>3,090</u>	<u>-</u>
	<u>\$ 55,564</u>	<u>\$ 23,628</u>

The remuneration of directors and key executives, as determined by the board of directors, is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets at amortized cost - current		
Restricted time deposits	\$ -	\$ 20,000
Financial assets at amortized cost - non-current		
Restricted time deposits	27,000	7,000
Other financial assets - current		
Trust account deposit	<u>2,195,467</u>	<u>1,738,840</u>
	<u>\$ 2,222,467</u>	<u>\$ 1,765,840</u>

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency of the company and the related exchange rates between foreign currencies and the functional currency were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,211	30.715 (USD:NTD)	\$ 190,780
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
KRW	2,429,402	0.02382 (KRW:NTD)	57,870
<u>Financial liabilities</u>			
Monetary items			
USD	5,700	30.715 (USD:NTD)	175,085
JPY	150,656	0.217 (JPY:NTD)	32,753

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,772	30.708 (USD:NTD)	\$ 85,124
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
KRW	707,798	0.02423 (KRW:NTD)	17,150
<u>Financial liabilities</u>			
Monetary items			
USD	3,924	30.708 (USD:NTD)	120,511
JPY	321,456	0.231 (JPY:NTD)	74,244

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
	Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate
USD	31.155 (USD:NTD)	\$ 7,904	29.805 (USD:NTD)	\$ 12,522
JPY	0.222 (JPY:NTD)	(1,567)	0.228 (JPY:NTD)	598

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 2)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (None)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

LINE PAY TAIWAN LIMITED

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
LINE Pay Plus Corporation	<u>Shares</u> BravoBeaver Daegu Corp.	Non-related parties	Financial assets at FVTPL - non-current	900	\$ 214	1	\$ 214	Note 1

Note 1: There were no restrictions on the use of the asset due to providing collateral, pledging loans, or other contractual obligations for the year ended December 31, 2023.

Note 2: Please refer to Table 6 for information on investees.

Note 3: The highest ownership percentage indicated in the above table was equal to the ownership percentage as of December 31, 2023. In addition, such investment was are not collateralized or secured.

LINE PAY TAIWAN LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Thousands of Shares, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Number of Shares	Amount
The Company	LINE Pay Plus Corporation	Investments accounted for using the equity method	LINE Biz Plus Corporation	Fellow subsidiary	-	\$ -	200	\$ 207,792 (Note 1)	-	\$ -	\$ -	\$ -	200	\$ 57,870 (Note 2)

Note 1: The transaction price is based on the appraisal result with a CPA's fairness opinion report.

Note 2: The year-end amount includes the profit or loss recognized using the equity method and related equity adjustment items.

LINE PAY TAIWAN LIMITED

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Right-of-use asset - office for investment and development project on land use rights at Plot 15, Jingmao Section, Nangang District, Taipei City	Board resolution date: November 21, 2023 Transaction signing date: April 12, 2024	\$ 625,022 (Note 1)	- (Note 2)	Taiwan Life Insurance Co., Ltd.	Non-related parties	-	-	-	\$ -	Real estate appraisal report	For operational use	-

Note 1: The value of the right-of-use asset is estimated based on the monthly rental rate.

Note 2: The lease term begins on May 1, 2025; therefore, the consideration has not yet been paid.

LINE PAY TAIWAN LIMITED

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			(Purchase)/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	LY Corporation Taipei Fubon Commercial Bank Co., Ltd.	Parent company The Company's shareholder	Service fee revenue	\$ (230,703)	(5)	Note 1	Note 1	Note 1	\$ -	-	-
			Service fee costs	725,050	22	Note 1	Note 1	Note 1	-	-	-
	Union Bank of Taiwan Co., Ltd. LINE Pay Plus Corporation LINE Pay Corporation	The Company's shareholder Subsidiary Fellow subsidiary	Operating revenue	(103,720)	(2)	Notes 1 and 2	Notes 1 and 2	Notes 1 and 2	15,634	6	-
			Service fee costs	178,988	5	Note 1	Note 1	Note 1	-	-	-
			System management service costs	177,833	5	30 days of an invoice issued	In accordance with the agreement	-	(106,917)	(69)	-
System management service costs	270,104	8	30 days of an invoice issued	In accordance with the agreement	-	(23,558)	(15)	-			
LINE Pay Plus Corporation	The Company LINE Pay Corporation	Parent Company Fellow subsidiary	System management service revenue	(243,088) (Note 3)	(57)	30 days of an invoice issued	In accordance with the agreement	-	133,141 (Note 4)	100	-
			System management service revenue	(181,786)	(43)	30 days of an invoice issued	In accordance with the agreement	-	-	-	-

Note 1: Not applicable due to the nature of the third-party payment business.

Note 2: The price of financial marketing cooperation is stipulated in the contract and charged monthly, which is the same as regular business practice.

Note 3: Operating costs of \$177,833 thousand and research and development expenses of \$65,255 thousand were recognized by the Company.

Note 4: Trade payables to related parties of \$106,917 thousand and other payables to related parties of \$26,224 thousand were recognized by the Company.

LINE PAY TAIWAN LIMITED

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note)	Allowance for Impairment Loss	
					Amount	Action Taken			
The Company	Taipei Fubon Commercial Bank Co., Ltd.	The Company's shareholder	Other receivables	\$ 151,512	-	\$ -	-	\$ 151,512	\$ -
			Trade receivables	15,634	5.02	-	-	15,634	-
	Union Bank of Taiwan Co., Ltd.	The Company's shareholder	Other receivables	246,581	-	-	-	246,581	-
			Trade receivables	3,324	11.08	-	-	3,324	-
	LINE Taiwan Limited	Fellow subsidiary	Other receivables	152,884	-	-	-	152,884	-
			Trade receivables	1,301	5.07	-	-	1,301	-
LINE Pay Plus Corporation	The Company	Parent Company	Trade receivables	133,141	3.67	-	-	133,141	-

Note: The amount was already recovered in March 2024.

LINE PAY TAIWAN LIMITED

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	LINE Pay Plus Corporation	Korea	System platform development and maintenance	\$ 207,792 (Note 2)	\$ -	200,000	100.00	\$ 57,870	\$ 1,873 (Note 3)	\$ (6,980)	Subsidiary

Note 1: The highest ownership percentage indicated in the above table is equal to the ownership percentage as of December 31, 2023. In addition, such investments are not collateralized or secured.

Note 2: In July 2023, the Company acquired 100% interest in LINE Pay Plus Corporation with a payment amount of ₩8,800,000 thousand (equivalent to NT\$207,792 thousand) as consideration.

Note 3: The net profit of the subsidiary from April 3, 2023 (the establishment date) to December 31, 2023.

LINE PAY TAIWAN LIMITED

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LINE PAY TAIWAN LIMITED

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Bank deposits		
Demand deposits		\$ 2,956,728
Foreign currency deposits	US\$6,211 thousand @30.715	<u>190,780</u>
		<u>\$ 3,147,508</u>

LINE PAY TAIWAN LIMITED**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Client Name	Amount
Unrelated parties		
	Company A	\$ 113,287
	Company B	43,957
	Company C	40,554
	Others (Note)	<u>36,713</u>
		234,511
Less: Allowance for impairment loss		<u>-</u>
		<u>\$ 234,511</u>
Related parties		
	Taipei Fubon Commercial Bank Co., Ltd.	\$ 15,634
	Others (Note)	<u>4,625</u>
		<u>\$ 20,259</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

LINE PAY TAIWAN LIMITED

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Company	Balance, January 1, 2023		Addition		Decrease		Recognized Under the Equity Method			Balance, December 31, 2023			Market Price or Net Equity Value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Investment (Losses) Gain (Note 1)	Translation Adjustment (Note 2)	Others (Note 3)	Shares	Ownership	Amount	Unit Price	Total Amount	
LINE Pay Plus Corporation	-	\$ -	200,000	\$ 207,792	-	\$ -	\$ (6,980)	\$ 266	\$ (143,208)	200,000	100%	\$ 57,870	289.35	\$ 57,870	-

Note 1: The amount does not include net profit attributable to the predecessor under common control of \$11,381 thousand.

Note 2: The amount does not include translation adjustments attributable to the predecessor under common control of \$(317) thousand.

Note 3: The amount includes the adjustment of \$(169,537) thousand for the difference between the actual acquisition price and the carrying value of subsidiaries' equity and \$26,329 thousand for the effect of changes in subsidiaries' capital surplus.

LINE PAY TAIWAN LIMITED**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Cost of right-of-use assets				
Buildings	\$ 162,699	\$ _____ -	\$ _____ -	\$ 162,699
Accumulated depreciation of right-of-use assets				
Buildings	<u>101,421</u>	<u>\$ 33,383</u>	<u>\$ _____ -</u>	<u>134,804</u>
Carrying amount of right-of-use assets	<u>\$ 61,278</u>			<u>\$ 27,895</u>

LINE PAY TAIWAN LIMITED

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Vendor Name	Amount
Unrelated parties	Others (Note)	<u>\$ 3,390</u>
Related parties	LINE Pay Plus Corporation	\$ 106,917
	LINE Pay Corporation	23,558
	LINE Taiwan Limited	<u>20,613</u>
		<u>\$ 151,088</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

LINE PAY TAIWAN LIMITED**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Summary	Lease Term	Discount Rate	Balance, End of Year
Buildings	Offices	5.5 years	1.28%	\$ 21,136
	Offices	3 years	0.72%	6,786
	Parking spaces	5 years	1.26%	<u>1,163</u>
				<u>\$ 29,085</u>
Lease liabilities - current				\$ 29,085
Lease liabilities - non-current				<u>-</u>
				<u>\$ 29,085</u>

LINE PAY TAIWAN LIMITED

**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Service fee costs	\$ 2,828,098
System management service costs	448,545
Others	<u>18,270</u>
	<u>\$ 3,294,913</u>

LINE PAY TAIWAN LIMITED**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and related expenses	\$ 66,331	\$ 147,496	\$ 31,698
Marketing expenses	221,160	-	-
Professional fees	15,807	59,097	13,288
Management service expenses	-	70,130	-
Depreciation expenses	1,148	65,505	1,113
Research and development expenses	-	-	81,528
Others (Note)	<u>32,594</u>	<u>86,665</u>	<u>5,973</u>
	<u>\$ 337,040</u>	<u>\$ 428,893</u>	<u>\$ 133,600</u>

Note: The amount of each individual item included in others does not exceed 5% of the account balance.

LINE PAY TAIWAN LIMITED

**STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023		2022	
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Costs	Classified as Operating Expenses
Labor cost				
Salary and bonus	\$ -	\$ 245,525	\$ -	\$ 196,003
Labor and health insurance	-	15,875	-	12,767
Pension	-	9,508	-	7,488
Director's remuneration	-	-	-	-
Others	-	26,158	-	20,972
	<u>\$ -</u>	<u>\$ 297,066</u>	<u>\$ -</u>	<u>\$ 237,230</u>
Depreciation expenses	<u>\$ -</u>	<u>\$ 67,766</u>	<u>\$ -</u>	<u>\$ 64,989</u>
Amortization expenses	<u>\$ 5,675</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 188</u>

Note: The average numbers of the Company's employees were 144 and 111 in 2023 and 2022, respectively. There were 5 and 6 non-employee directors, respectively.