

LINE Pay Taiwan Limited and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates of LINE Pay Taiwan Limited as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Thus, LINE Pay Taiwan Limited and subsidiaries did not prepare a separate set of consolidated financial statements of affiliated enterprises.

Very truly yours,

LINE PAY TAIWAN LIMITED

WOONGJU JEONG
Chairman

March 11, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LINE Pay Taiwan Limited

Opinion

We have audited the accompanying consolidated financial statements of LINE Pay Taiwan Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

Service Fee Revenue Recognition for the Third-party Payment Transaction

As the service fee revenue derived from the third-party payment services rendered by the Group 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, 2024.

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, through interviews and examination of relevant documentation. We also tested the operating effectiveness of the relevant controls design.
3. We performed tests of details by selecting samples from the service fee revenue ledger and vouching for and tracing third-party payment records.

Other Matter

We have also audited the parent company only financial statements of LINE Pay Taiwan Limited as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, 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.

Handwritten signatures of Chiang Hsun Chen and Cheng Chuan Yu in black ink.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| ASSETS | 2024 | | 2023 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 9,887,873 | 59 | \$ 3,390,540 | 27 |
| Financial assets at amortized cost - current (Notes 4, 8 and 30) | 470,848 | 3 | 250,000 | 2 |
| Trade receivables, net (Notes 4, 9 and 20) | 307,567 | 2 | 234,511 | 2 |
| Trade receivables from related parties (Notes 4, 20 and 29) | 22,826 | - | 20,259 | - |
| Other receivables (Notes 4 and 9) | 1,481,656 | 9 | 2,512,299 | 20 |
| Other receivables from related parties (Notes 4 and 29) | 399,109 | 2 | 647,047 | 5 |
| Current tax assets (Notes 4 and 22) | - | - | 10,524 | - |
| Prepayments (Notes 15 and 29) | 22,366 | - | 14,180 | - |
| Other financial assets - current (Notes 4, 10, 28 and 30) | 3,454,021 | 21 | 5,041,759 | 40 |
| Other current assets | 12,170 | - | 8,719 | - |
| Total current assets | 16,058,436 | 96 | 12,129,838 | 96 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | 201 | - | 214 | - |
| Financial assets at amortized cost - non-current (Notes 4, 8 and 30) | 19,651 | - | 27,000 | - |
| Property, plant and equipment (Notes 4, 12 and 29) | 270,739 | 2 | 178,753 | 1 |
| Right-of-use assets (Notes 4, 13 and 29) | 167,550 | 1 | 214,370 | 2 |
| Intangible assets (Notes 4, 14 and 29) | 48,480 | - | 60,727 | 1 |
| Deferred tax assets (Notes 4 and 22) | 105,359 | 1 | 38,968 | - |
| Other non-current assets (Notes 15 and 29) | 35,129 | - | 31,524 | - |
| Total non-current assets | 647,109 | 4 | 551,556 | 4 |
| TOTAL | \$ 16,705,545 | 100 | \$ 12,681,394 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Contract liabilities (Notes 20 and 29) | \$ 372,722 | 2 | \$ 210,829 | 2 |
| Trade payables | 2,681 | - | 3,390 | - |
| Trade payables to related parties (Note 29) | 37,843 | - | 47,152 | - |
| Other payables (Notes 16 and 24) | 423,493 | 3 | 258,463 | 2 |
| Other payables to related parties (Note 29) | 10,775 | - | 21,577 | - |
| Current tax liabilities (Notes 4 and 22) | 168,016 | 1 | 55,737 | 1 |
| Provisions - current (Notes 4 and 17) | 17,920 | - | 18,002 | - |
| Lease liabilities - current (Notes 4, 13 and 29) | 65,355 | - | 69,555 | 1 |
| Other current liabilities (Notes 16 and 29) | 4,758,887 | 29 | 6,098,630 | 48 |
| Total current liabilities | 5,857,692 | 35 | 6,783,335 | 54 |
| NON-CURRENT LIABILITIES | | | | |
| Provisions - non-current (Notes 4 and 17) | 12,007 | - | 10,628 | - |
| Deferred tax liabilities (Notes 4 and 22) | 25,059 | - | 2,645 | - |
| Lease liabilities - non-current (Notes 4, 13 and 29) | 102,552 | 1 | 140,006 | 1 |
| Net defined benefit liabilities - non-current (Notes 4 and 18) | 395,313 | 2 | 343,247 | 3 |
| Other non-current liabilities (Notes 16 and 24) | 16,855 | - | 13,740 | - |
| Total non-current liabilities | 551,786 | 3 | 510,266 | 4 |
| Total liabilities | 6,409,478 | 38 | 7,293,601 | 58 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 19) | | | | |
| Share capital | | | | |
| Ordinary shares | 680,000 | 4 | 600,000 | 4 |
| Capital surplus | 8,475,661 | 51 | 4,305,972 | 34 |
| Retained earnings | | | | |
| Legal reserve | 48,161 | - | - | - |
| Unappropriated earnings | 1,096,438 | 7 | 481,608 | 4 |
| Total retained earnings | 1,144,599 | 7 | 481,608 | 4 |
| Other equity | (4,193) | - | 213 | - |
| Total equity | 10,296,067 | 62 | 5,387,793 | 42 |
| TOTAL | \$ 16,705,545 | 100 | \$ 12,681,394 | 100 |

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

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| | 2024 | | 2023 | |
|---|--------------------|-------------|--------------------|-------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 20 and 29) | \$ 6,296,000 | 100 | \$ 4,928,238 | 100 |
| OPERATING COSTS (Notes 21 and 29) | <u>(4,310,102)</u> | <u>(68)</u> | <u>(3,404,504)</u> | <u>(69)</u> |
| GROSS PROFIT | <u>1,985,898</u> | <u>32</u> | <u>1,523,734</u> | <u>31</u> |
| OPERATING EXPENSES (Notes 21 and 29) | | | | |
| Selling and marketing expenses | (406,881) | (7) | (337,040) | (7) |
| General and administrative expenses | (583,796) | (9) | (476,549) | (10) |
| Research and development expenses | (254,005) | (4) | (155,484) | (3) |
| Expected credit loss (Note 9) | <u>(282)</u> | <u>-</u> | <u>(3,333)</u> | <u>-</u> |
| Total operating expenses | <u>(1,244,964)</u> | <u>(20)</u> | <u>(972,406)</u> | <u>(20)</u> |
| PROFIT FROM OPERATIONS | <u>740,934</u> | <u>12</u> | <u>551,328</u> | <u>11</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 21 and 29) | | | | |
| Interest income | 94,753 | 2 | 57,110 | 1 |
| Other income | 17,303 | - | 767 | - |
| Other gains and losses | 24,669 | - | 8,141 | - |
| Finance costs | <u>(8,049)</u> | <u>-</u> | <u>(4,257)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>128,676</u> | <u>2</u> | <u>61,761</u> | <u>1</u> |
| PROFIT BEFORE INCOME TAX | 869,610 | 14 | 613,089 | 12 |
| INCOME TAX EXPENSE (Notes 4 and 22) | <u>(222,491)</u> | <u>(4)</u> | <u>(120,100)</u> | <u>(2)</u> |
| NET PROFIT FOR THE YEAR | <u>647,119</u> | <u>10</u> | <u>492,989</u> | <u>10</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 18, 19 and 22) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 17,616 | - | - | - |
| Income tax related to items that will not be reclassified subsequently to profit or loss | <u>(1,744)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>15,872</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| | 2024 | | 2023 | |
|---|-------------------|-----------|-------------------|-----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | \$ (5,507) | - | \$ (51) | - |
| Income tax related to items that may be reclassified subsequently to profit or loss | <u>1,101</u> | <u>-</u> | <u>(53)</u> | <u>-</u> |
| | <u>(4,406)</u> | <u>-</u> | <u>(104)</u> | <u>-</u> |
| Other comprehensive income/(loss) for the year, net of income tax | <u>11,466</u> | <u>-</u> | <u>(104)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 658,585</u> | <u>10</u> | <u>\$ 492,885</u> | <u>10</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | 647,119 | 10 | \$ 481,608 | 10 |
| Interests attributable to the predecessor under common control | <u>-</u> | <u>-</u> | <u>11,381</u> | <u>-</u> |
| | <u>\$ 647,119</u> | <u>10</u> | <u>\$ 492,989</u> | <u>10</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | 658,585 | 10 | \$ 481,821 | 10 |
| Interests attributable to the predecessor under common control | <u>-</u> | <u>-</u> | <u>11,064</u> | <u>-</u> |
| | <u>\$ 658,585</u> | <u>10</u> | <u>\$ 492,885</u> | <u>10</u> |
| EARNINGS PER SHARE (Note 23) | | | | |
| Basic | <u>\$ 10.67</u> | | <u>\$ 8.09</u> | |
| Diluted | <u>\$ 10.26</u> | | <u>\$ 7.94</u> | |

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

(Concluded)

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | Interest Attributable to the Predecessor under Common Control | Total Equity |
|--|--|-----------------|-------------------|---|---|---------------|-----------|---|--------------|
| | Ordinary Share Capital | Capital Surplus | Retained Earnings | | Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations | Total | | | |
| | | | Legal Reserve | Unappropriated Earnings (Accumulated Deficits) | | | | | |
| BALANCE AT JANUARY 1, 2023 | \$ 547,065 | \$ 4,593,411 | \$ - | \$ (256,427) | \$ - | \$ 4,884,049 | \$ 17,150 | \$ 4,901,199 | |
| Other changes in capital surplus (Note 19) | | | | | | | | | |
| 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 (Note 24) | - | 42,304 | - | - | - | 42,304 | 10,182 | 52,486 | |
| Other | - | - | - | - | - | - | (141) | (141) | |
| Net profit for the year ended December 31, 2023 | - | - | - | 481,608 | - | 481,608 | 11,381 | 492,989 | |
| Other comprehensive income (loss) for the year ended December 31, 2023 (Note 19) | - | - | - | - | 213 | 213 | (317) | (104) | |
| Total comprehensive income for the year ended December 31, 2023 | - | - | - | 481,608 | 213 | 481,821 | 11,064 | 492,885 | |
| Reorganization (Notes 11 and 25) | - | (169,537) | - | - | - | (169,537) | (38,255) | (207,792) | |
| Issuance of ordinary shares under employee share options (Notes 19 and 24) | 13,317 | 135,839 | - | - | - | 149,156 | - | 149,156 | |
| BALANCE AT DECEMBER 31, 2023 | 600,000 | 4,305,972 | - | 481,608 | 213 | 5,387,793 | - | 5,387,793 | |
| Appropriation of 2023 earnings (Note 19) | | | | | | | | | |
| Legal reserve | - | - | 48,161 | (48,161) | - | - | - | - | |
| Net profit for the year ended December 31, 2024 | - | - | - | 647,119 | - | 647,119 | - | 647,119 | |
| Other comprehensive income (loss) for the year ended December 31, 2024 (Note 19) | - | - | - | 15,872 | (4,406) | 11,466 | - | 11,466 | |
| Total comprehensive income for the year ended December 31, 2024 | - | - | - | 662,991 | (4,406) | 658,585 | - | 658,585 | |
| Issuance of ordinary shares for cash (Note 19) | 80,000 | 4,101,799 | - | - | - | 4,181,799 | - | 4,181,799 | |
| Issuance of employee share options (Notes 19 and 24) | - | 67,890 | - | - | - | 67,890 | - | 67,890 | |
| BALANCE AT DECEMBER 31, 2024 | \$ 680,000 | \$ 8,475,661 | \$ 48,161 | \$ 1,096,438 | \$ (4,193) | \$ 10,296,067 | \$ - | \$ 10,296,067 | |

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

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|---|------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 869,610 | \$ 613,089 |
| Adjustments for: | | |
| Depreciation expenses | 112,380 | 95,562 |
| Amortization expenses | 14,777 | 6,079 |
| Expected credit loss recognized on receivables | 282 | 3,333 |
| Finance costs | 8,049 | 4,257 |
| Interest income | (94,753) | (57,110) |
| Compensation cost arising from employee share options | 67,890 | 52,486 |
| Gain on disposal of property, plant and equipment | (769) | (351) |
| Property, plant and equipment transferred to expenses | 166 | - |
| Loss on disposal of intangible assets | - | 86 |
| Gain on lease modification | - | (5,893) |
| Gain on foreign currency exchange | (8,934) | (5,516) |
| Changes in operating assets and liabilities | | |
| Trade receivables | (72,527) | (57,145) |
| Trade receivables from related parties | (3,334) | 27,971 |
| Other receivables | 1,035,959 | (1,341,936) |
| Other receivables from related parties | 246,873 | 391,225 |
| Prepayments | (9,347) | (820) |
| Other current assets | (3,451) | (8,719) |
| Other financial assets | 1,587,738 | (1,747,315) |
| Other non-current assets | 103 | (905) |
| Contract liabilities | 161,925 | 104,250 |
| Trade payables | (709) | (247) |
| Trade payables to related parties | (9,056) | (48,796) |
| Other payables | 46,108 | 31,828 |
| Other payables to related parties | (10,419) | (13,712) |
| Provisions | 1,843 | 4,474 |
| Other current liabilities | (1,339,300) | 562,023 |
| Net defined benefit liabilities | 95,458 | 101,315 |
| Other non-current liabilities | <u>3,747</u> | <u>10,259</u> |
| Cash generated from/(used in) operations | 2,700,309 | (1,280,228) |
| Interest received | 88,072 | 56,718 |
| Interest paid | (7,596) | (3,978) |
| Income tax (paid)/refunded | <u>(145,877)</u> | <u>9,750</u> |
| Net cash generated from/(used in) operating activities | <u>2,634,908</u> | <u>(1,217,738)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (224,661) | (250,000) |
| Acquisition of subsidiaries | - | (207,792) |
| Payments for property, plant and equipment | (7,750) | (17,514) |
| Proceeds from disposal of property, plant and equipment | 3,530 | 669 |
| Increase in refundable deposits | (13,444) | (9,361) |

(Continued)

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Decrease in refundable deposits | \$ 8,490 | \$ 360 |
| Payments for intangible assets | <u>(2,680)</u> | <u>(66,200)</u> |
| Net cash used in investing activities | <u>(236,515)</u> | <u>(549,838)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of the principal portion of lease liabilities | (68,874) | (53,536) |
| Proceeds issuance of ordinary shares | 4,181,799 | - |
| Proceeds from employee share options | <u>-</u> | <u>149,156</u> |
| Net cash generated from financing activities | <u>4,112,925</u> | <u>95,620</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(13,985)</u> | <u>(20)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,497,333 | (1,671,976) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>3,390,540</u> | <u>5,062,516</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 9,887,873</u> | <u>\$ 3,390,540</u> |

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

(Concluded)

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

LINE Pay Taiwan Limited (the “Company”; the Company and the entities controlled by the Company are referred to as the “Group”) 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 consolidated 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 shares of the Company have been listed on the Taiwan Stock Exchange (TWSE) since December 5, 2024.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2025.

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 Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|--|---|
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 1) |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets | January 1, 2026 (Note 2) |

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group'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)</u> |
|--|---|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity" | January 1, 2026 |
| 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 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| IFRS 18 "Presentation and Disclosure in Financial Statements" | January 1, 2027 |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures" | January 1, 2027 |

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- 1) Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- 2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- 3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into companies based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- 4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, payables for cash-settled share-based payment transactions, provision from long-term employee benefits, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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 Group does not have the substantial right at the end of the reporting period 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations under common control

Business combinations under common control are accounted for applying the book-value method. Comparative information of the prior period in the consolidated financial statements is restated as if the combination had already occurred.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity'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 consolidated 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.

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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling such items and their related costs are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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 assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets 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 Group 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 Group 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 FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. 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 asset 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, other financial assets 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 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 Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade and other receivables).

The Group recognizes lifetime expected credit losses (ECLs) for trade and other receivables. For all other financial instruments, the Group 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 Group 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 Group considers the following situation as indication that a financial asset is in default without taking into account any collateral held by the Group:

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

3) Revenue from the rendering of services

The Group provides platform development and maintenance related to third-party payment services. Revenue from the rendering of services is recognized upon satisfaction of the service conditions.

m. Leases

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

1) The Group as lessor

All leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group 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 consolidated 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 Group 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 consolidated 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.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

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 Group'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. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

At the end of each reporting period, the Group 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) 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 Group 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 Group 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 Group'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 Group considers the possible impact of volatility in financial markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

6. CASH AND CASH EQUIVALENTS

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| Checking accounts and demand deposits | \$ 4,320,924 | \$ 3,390,540 |
| Cash equivalents (investments with original maturities of 3 months or less) | | |
| Time deposits | <u>5,566,949</u> | <u>-</u> |
| | <u>\$ 9,887,873</u> | <u>\$ 3,390,540</u> |

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

| | <u>December 31</u> | |
|--------------|--------------------|-------------|
| | 2024 | 2023 |
| Bank balance | 0.01%-4.38% | 0.01%-5.12% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>December 31</u> | |
|---|--------------------|---------------|
| | 2024 | 2023 |
| <u>Financial assets at FVTPL - non-current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Overseas unlisted shares | <u>\$ 201</u> | <u>\$ 214</u> |

8. FINANCIAL ASSETS AT AMORTIZED COST

| | <u>December 31</u> | |
|--|--------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Current</u> | | |
| Time deposits with original maturities of more than 3 months (a) | \$ 450,848 | \$ 250,000 |
| Restricted time deposits (b) | <u>20,000</u> | <u>-</u> |
| | <u>\$ 470,848</u> | <u>\$ 250,000</u> |
| <u>Non-current</u> | | |
| Restricted time deposits (b) | <u>\$ 19,651</u> | <u>\$ 27,000</u> |

- a. The interest rates of time deposits with original maturities of more than 3 months were 1.70%-3.55% and 1.35% per annum as of December 31, 2024 and 2023, respectively.
- b. According to the cooperation agreement with merchants, the Group is required to pledge a certificate of deposits as a performance guarantee and collateral for current and future obligations. Besides, the Group pledge a deposit as the performance guarantee for the commercial property lease. The interest rates of restricted time deposits were 0.16% and 0.15% per annum as of December 31, 2024 and 2023, respectively. Refer to Note 30 for information on assets pledged as collateral or for security.
- c. The Group 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 Group considers the current financial condition of counterparties and the future prospects of the industries. The Group assesses that the expected credit loss rates of financial assets measured at amortized cost were both 0% per annum as of December 31, 2024 and 2023, respectively.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

| | <u>December 31</u> | |
|-------------------------------------|--------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Trade receivables</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 307,567 | \$ 234,511 |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> |
| | <u>\$ 307,567</u> | <u>\$ 234,511</u> |

(Continued)

| | December 31 | |
|--|---------------------|---------------------|
| | 2024 | 2023 |
| <u>Other receivables</u> | | |
| Other receivables - third-party payment (unappropriated) | \$ 1,236,068 | \$ 2,304,671 |
| Other receivables - points issued | 221,904 | 190,551 |
| Tax refund receivables | 16,175 | 16,375 |
| Interest receivables | 7,031 | 350 |
| Others | 478 | 352 |
| Less: Allowance for impairment loss | - | - |
| | <u>\$ 1,481,656</u> | <u>\$ 2,512,299</u> |

(Concluded)

a. Trade receivables

The Group'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 Group 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 Group's historical credit loss experience shows different loss patterns for different customer segments, the Group uses different provision matrixes based on customer segments by industry region.

The Group 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 Group 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 trade receivables based on the Group's provision matrix:

December 31, 2024

| | 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 | \$ 276,637 | \$ 30,930 | \$ - | \$ - | \$ 307,567 |
| Loss allowance (Lifetime ECLs) | - | - | - | - | - |
| Amortized cost | <u>\$ 276,637</u> | <u>\$ 30,930</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 307,567</u> |

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) | - | - | - | - | - |
| Amortized cost | <u>\$ 221,908</u> | <u>\$ 12,603</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 234,511</u> |

b. Other receivables

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

The Group 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 Group's historical credit loss experience shows different loss patterns for different customer segments, the Group uses different provision matrixes based on customer segments by industry region.

The Group 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 Group 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 Group's provision matrix:

December 31, 2024

| | 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 | \$ 1,476,058 | \$ 5,598 | \$ - | \$ - | \$ 1,481,656 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Amortized cost | <u>\$ 1,476,058</u> | <u>\$ 5,598</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,481,656</u> |

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% | - | 0% | |
| Gross carrying amount | \$ 2,493,277 | \$ 18,809 | \$ - | \$ 213 | \$ 2,512,299 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Amortized cost | <u>\$ 2,493,277</u> | <u>\$ 18,809</u> | <u>\$ -</u> | <u>\$ 213</u> | <u>\$ 2,512,299</u> |

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

| | <u>For the Year Ended December 31</u> | |
|--|--|----------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ - | \$ - |
| Add: Net remeasurement of loss allowance | 282 | 3,333 |
| Less: Amounts written off | <u>(282)</u> | <u>(3,333)</u> |
| Balance at December 31 | <u>\$ -</u> | <u>\$ -</u> |

10. OTHER FINANCIAL ASSETS

| | <u>December 31</u> | |
|------------------------|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Current</u> | | |
| Escrow account deposit | <u>\$ 3,454,021</u> | <u>\$ 5,041,759</u> |

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

The interest rates of escrow account deposit were 0.64% and 0.51% per annum as of December 31, 2024 and 2023, respectively. Refer to Note 30 for information on assets pledged as collateral or for security.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

| Investor | Investee | Nature of Activities | <u>Proportion of Ownership (%)</u> | | Remark |
|-------------|---------------------------|---|------------------------------------|-------------|---|
| | | | <u>December 31</u> | | |
| | | | <u>2024</u> | <u>2023</u> | |
| The Company | LINE Pay Plus Corporation | System platform development and maintenance | 100 | 100 | Foreign exchange risk is the major operational risk |

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 for information on business combination under common control.

12. PROPERTY, PLANT AND EQUIPMENT

| | <u>December 31</u> | |
|--------------------------------------|--------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Assets used by the Group | \$ 260,444 | \$ 169,248 |
| Assets leased under operating leases | <u>10,295</u> | <u>9,505</u> |
| | <u>\$ 270,739</u> | <u>\$ 178,753</u> |

a. Assets used by the Group

| | Machinery and Equipment | Office Equipment | Leasehold Improvement | Equipment Pending Acceptance | Total |
|--|--|-----------------------------|----------------------------------|---|-------------------|
| <u>Cost</u> | | | | | |
| Balance at January 1, 2024 | \$ 25,204 | \$ 57,369 | \$ 100,212 | \$ 109,351 | \$ 292,136 |
| Additions (Note 29) | - | 13,564 | - | 120,121 | 133,685 |
| Transfers from assets leased under operating leases | 4,697 | - | - | - | 4,697 |
| Transfers to assets leased under operating leases | - | - | - | (7,531) | (7,531) |
| Reclassification | 1,994 | - | - | (1,994) | - |
| Transfers to operating expenses | - | - | - | (166) | (166) |
| Disposals (Note 29) | - | (1,326) | - | (2,758) | (4,084) |
| Effect of foreign currency exchange differences | - | (1,054) | (467) | - | (1,521) |
| Balance at December 31, 2024 | <u>\$ 31,895</u> | <u>\$ 68,553</u> | <u>\$ 99,745</u> | <u>\$ 217,023</u> | <u>\$ 417,216</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Balance at January 1, 2024 | \$ 19,755 | \$ 36,148 | \$ 66,985 | \$ - | \$ 122,888 |
| Depreciation expenses | 4,612 | 14,264 | 14,792 | - | 33,668 |
| Transfers from assets leased under operating leases | 2,256 | - | - | - | 2,256 |
| Disposals (Note 29) | - | (1,323) | - | - | (1,323) |
| Effect of foreign currency exchange differences | - | (570) | (147) | - | (717) |
| Balance at December 31, 2024 | <u>\$ 26,623</u> | <u>\$ 48,519</u> | <u>\$ 81,630</u> | <u>\$ -</u> | <u>\$ 156,772</u> |
| Carrying amount at December 31, 2024 | <u>\$ 5,272</u> | <u>\$ 20,034</u> | <u>\$ 18,115</u> | <u>\$ 217,023</u> | <u>\$ 260,444</u> |
| <u>Cost</u> | | | | | |
| Balance at January 1, 2023 | \$ 14,415 | \$ 56,904 | \$ 100,251 | \$ 122,500 | \$ 294,070 |
| Additions (Note 29) | - | 10,260 | 7,658 | - | 17,918 |
| Transfers from assets leased under operating leases | 10,789 | - | - | - | 10,789 |
| Transfers to assets leased under operating leases | - | - | - | (12,920) | (12,920) |
| Disposals | - | (9,535) | (7,567) | (229) | (17,331) |
| Effect of foreign currency exchange differences | - | (260) | (130) | - | (390) |
| Balance at December 31, 2023 | <u>\$ 25,204</u> | <u>\$ 57,369</u> | <u>\$ 100,212</u> | <u>\$ 109,351</u> | <u>\$ 292,136</u> |

(Continued)

| | Machinery and Equipment | Office Equipment | Leasehold Improvement | Equipment Pending Acceptance | Total |
|--|--|-----------------------------|----------------------------------|---|----------------------------------|
| <u>Accumulated depreciation</u> | | | | | |
| Balance at January 1, 2023 | \$ 12,322 | \$ 31,040 | \$ 54,723 | \$ - | \$ 98,085 |
| Depreciation expenses | 1,653 | 14,712 | 20,027 | - | 36,392 |
| Transfers from assets leased under operating leases | 5,780 | - | - | - | 5,780 |
| Disposals | - | (9,442) | (7,567) | - | (17,009) |
| Effect of foreign currency exchange differences | - | (162) | (198) | - | (360) |
| Balance at December 31, 2023 | <u>\$ 19,755</u> | <u>\$ 36,148</u> | <u>\$ 66,985</u> | <u>\$ -</u> | <u>\$ 122,888</u> |
| Carrying amount at December 31, 2023 | <u>\$ 5,449</u> | <u>\$ 21,221</u> | <u>\$ 33,227</u> | <u>\$ 109,351</u> | <u>\$ 169,248</u> (Concluded) |

The above items of property, plant and equipment used by the Group 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

| | <u>Machinery and Equipment</u> <u>For the Year Ended December 31</u> | |
|---|---|------------------|
| | 2024 | 2023 |
| <u>Cost</u> | | |
| Balance at January 1 | \$ 10,957 | \$ 8,826 |
| Transfers from equipment pending acceptance used by the Group | 7,531 | 12,920 |
| Transfers to machinery and equipment used by the Group | <u>(4,697)</u> | <u>(10,789)</u> |
| Balance at December 31 | <u>\$ 13,791</u> | <u>\$ 10,957</u> |
| <u>Accumulated depreciation</u> | | |
| Balance at January 1 | \$ 1,452 | \$ 2,329 |
| Depreciation expenses | 4,300 | 4,903 |
| Transfers to machinery and equipment used by the Group | <u>(2,256)</u> | <u>(5,780)</u> |
| Balance at December 31 | <u>\$ 3,496</u> | <u>\$ 1,452</u> |
| Carrying amount at December 31 | <u>\$ 10,295</u> | <u>\$ 9,505</u> |

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| <u>Carrying amount</u> | | |
| Buildings | <u>\$ 167,550</u> | <u>\$ 214,370</u> |
| | For the Year Ended December 31 | |
| | 2024 | 2023 |
| Additions to right-of-use assets (Note 29) | <u>\$ 37,267</u> | <u>\$ 186,845</u> |
| Depreciation charge for right-of-use assets | | |
| Buildings | <u>\$ 74,412</u> | <u>\$ 54,267</u> |

b. Lease liabilities

| | December 31 | |
|------------------------|--------------------|-------------------|
| | 2024 | 2023 |
| <u>Carrying amount</u> | | |
| Current | <u>\$ 65,355</u> | <u>\$ 69,555</u> |
| Non-current | <u>\$ 102,552</u> | <u>\$ 140,006</u> |

Range of discount rates for lease liabilities were as follows:

| | December 31 | |
|-----------|--------------------|-------------|
| | 2024 | 2023 |
| Buildings | 0.72%-4.46% | 0.72%-4.46% |

c. Material lease activities and terms

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

d. Other lease information

| | For the Year Ended December 31 | |
|---|---------------------------------------|--------------------|
| | 2024 | 2023 |
| Expenses relating to short-term leases | \$ <u>5,237</u> | \$ <u>8,090</u> |
| Expenses relating to low-value asset leases | \$ <u>652</u> | \$ <u>680</u> |
| Total cash outflow for leases | \$ <u>(82,359)</u> | \$ <u>(66,321)</u> |

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

14. INTANGIBLE ASSETS

| | Computer Software | Patents | Copyright | Total |
|---|------------------------------|------------------|------------------|------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2024 | \$ 2,221 | \$ 57,100 | \$ 8,248 | \$ 67,569 |
| Additions | 2,680 | - | - | 2,680 |
| Effect of foreign currency exchange differences | <u>(177)</u> | <u>-</u> | <u>-</u> | <u>(177)</u> |
| Balance at December 31, 2024 | <u>\$ 4,724</u> | <u>\$ 57,100</u> | <u>\$ 8,248</u> | <u>\$ 70,072</u> |
| <u>Accumulated amortization</u> | | | | |
| Balance at January 1, 2024 | \$ 1,167 | \$ 4,758 | \$ 917 | \$ 6,842 |
| Amortization expenses | 608 | 11,420 | 2,749 | 14,777 |
| Effect of foreign currency exchange differences | <u>(27)</u> | <u>-</u> | <u>-</u> | <u>(27)</u> |
| Balance at December 31, 2024 | <u>\$ 1,748</u> | <u>\$ 16,178</u> | <u>\$ 3,666</u> | <u>\$ 21,592</u> |
| Carrying amount at December 31, 2024 | <u>\$ 2,976</u> | <u>\$ 40,922</u> | <u>\$ 4,582</u> | <u>\$ 48,480</u> |
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 1,987 | \$ - | \$ - | \$ 1,987 |
| Additions (Note 29) | 847 | 57,100 | 8,248 | 66,195 |
| Disposals | (602) | - | - | (602) |
| Effect of foreign currency exchange differences | <u>(11)</u> | <u>-</u> | <u>-</u> | <u>(11)</u> |
| Balance at December 31, 2023 | <u>\$ 2,221</u> | <u>\$ 57,100</u> | <u>\$ 8,248</u> | <u>\$ 67,569</u> |

(Continued)

| | Computer Software | Patents | Copyright | Total |
|---|------------------------------|------------------|------------------|---------------------------------|
| <u>Accumulated amortization</u> | | | | |
| Balance at January 1, 2023 | \$ 1,292 | \$ - | \$ - | \$ 1,292 |
| Amortization expenses | 404 | 4,758 | 917 | 6,079 |
| Disposals | (516) | - | - | (516) |
| Effect of foreign currency exchange differences | <u>(13)</u> | <u>-</u> | <u>-</u> | <u>(13)</u> |
| Balance at December 31, 2023 | <u>\$ 1,167</u> | <u>\$ 4,758</u> | <u>\$ 917</u> | <u>\$ 6,842</u> |
| Carrying amount at December 31, 2023 | <u>\$ 1,054</u> | <u>\$ 52,342</u> | <u>\$ 7,331</u> | <u>\$ 60,727</u> (Concluded) |

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

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

15. OTHER ASSETS

| | <u>December 31</u> | |
|--|--------------------|------------------|
| | 2024 | 2023 |
| <u>Current</u> | | |
| Prepayments | | |
| Prepayments for insurance | \$ 8,831 | \$ 9,120 |
| Prepayments for software usage fee (Note 29) | 7,443 | 1,655 |
| Prepayments for taxes | 2,665 | - |
| Prepayments for royalty (Note 29) | 820 | 1,520 |
| Others (Note 29) | <u>2,607</u> | <u>1,885</u> |
| | <u>\$ 22,366</u> | <u>\$ 14,180</u> |
| <u>Non-current</u> | | |
| Refundable deposits (Note 29) | \$ 34,338 | \$ 30,617 |
| Others | <u>791</u> | <u>907</u> |
| | <u>\$ 35,129</u> | <u>\$ 31,524</u> |

16. OTHER LIABILITIES

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Current</u> | | |
| Other payables | | |
| Payables for salaries or bonuses (including compensation of employees and remuneration of directors and supervisors) | \$ 153,096 | \$ 119,059 |
| Payables for purchase of equipment | 126,720 | 785 |
| Payables for VAT | 51,757 | 63,316 |
| Payables for marketing expenses | 27,154 | 18,106 |
| Payables for professional fees | 21,362 | 15,622 |
| Payables for cash-settled share-based payment transactions (Note 24) | 14,621 | 15,416 |
| Payables for insurance | 6,691 | 6,542 |
| Others | <u>22,092</u> | <u>19,617</u> |
| | <u>\$ 423,493</u> | <u>\$ 258,463</u> |
| Other liabilities | | |
| Points issuance | \$ 2,251,234 | \$ 2,402,160 |
| Payables for receipts on behalf of others - third-party payment (settled) (Note 29) | 1,569,698 | 1,746,379 |
| Payables for receipts on behalf of others - third-party payment (not yet settled) | 910,918 | 1,919,441 |
| Refund liabilities | 14,929 | 11,581 |
| Receipts under custody | 7,664 | 7,395 |
| Advanced receipts | <u>4,444</u> | <u>11,674</u> |
| | <u>\$ 4,758,887</u> | <u>\$ 6,098,630</u> |
| <u>Non-current</u> | | |
| Payables for cash-settled share-based payment transactions (Note 24) | <u>\$ 16,855</u> | <u>\$ 13,740</u> |

17. PROVISIONS

| | <u>December 31</u> | |
|----------------------------|--------------------|------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Current</u> | | |
| Restoration obligation (a) | \$ 8,399 | \$ 8,322 |
| Employee benefits (b) | <u>9,521</u> | <u>9,680</u> |
| | <u>\$ 17,920</u> | <u>\$ 18,002</u> |
| <u>Non-current</u> | | |
| Restoration obligation (a) | \$ 8,415 | \$ 8,174 |
| Employee benefits (b) | <u>3,592</u> | <u>2,454</u> |
| | <u>\$ 12,007</u> | <u>\$ 10,628</u> |

| | Restoration Obligation | Employee Benefits | Total |
|---|-----------------------------------|------------------------------|------------------|
| Balance at January 1, 2024 | \$ 16,496 | \$ 12,134 | \$ 28,630 |
| Additional provisions recognized | - | 1,843 | 1,843 |
| Lease modification | 424 | - | 424 |
| Interest expenses | 453 | - | 453 |
| Effect of foreign currency exchange differences | <u>(559)</u> | <u>(864)</u> | <u>(1,423)</u> |
| Balance at December 31, 2024 | <u>\$ 16,814</u> | <u>\$ 13,113</u> | <u>\$ 29,927</u> |
| Balance at January 1, 2023 | \$ 14,935 | \$ 7,798 | \$ 22,733 |
| Additional provisions recognized | 8,125 | 4,408 | 12,533 |
| Lease modification | (6,533) | - | (6,533) |
| Interest expenses | 242 | - | 242 |
| Effect of foreign currency exchange differences | <u>(273)</u> | <u>(72)</u> | <u>(345)</u> |
| Balance at December 31, 2023 | <u>\$ 16,496</u> | <u>\$ 12,134</u> | <u>\$ 28,630</u> |

- a. Pursuant to the lease agreement, the Group 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.
- b. The provision for employee benefits represents accrual of annual leave and vested long service leave entitlements.

18. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan

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.

The employees of the subsidiary in South Korea are participants in a retirement benefit plan operated by the South Korean government. The subsidiary is required to allocate a specific proportion of its payroll costs to the retirement benefit plan to provide funding for the plan. The obligation regarding this government-operated retirement benefit plan is limited to making the specified contributions.

- b. Defined benefit plans

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

| | December 31 | |
|---|--------------------|-------------------|
| | 2024 | 2023 |
| Present value of defined benefit obligation | \$ 395,313 | \$ 343,247 |
| Fair value of plan assets | <u>-</u> | <u>-</u> |
| Net defined benefit liabilities | <u>\$ 395,313</u> | <u>\$ 343,247</u> |

Movements in net defined benefit liabilities were as follows:

| | Net Defined Benefit Liabilities |
|--|--|
| Balance at January 1, 2024 | \$ 343,247 |
| Service cost | |
| Current service cost | 75,979 |
| Past service cost | 982 |
| Net interest expense | <u>18,239</u> |
| Recognized in profit or loss | <u>95,200</u> |
| Remeasurement | |
| Actuarial gain | |
| Change in financial assumptions | (16,712) |
| Experience adjustment | <u>(904)</u> |
| Recognized in other comprehensive income | <u>(17,616)</u> |
| Benefits paid | (6,921) |
| Transfer from affiliated company | 7,179 |
| Exchange differences on foreign plans | <u>(25,776)</u> |
| Balance at December 31, 2024 | <u>\$ 395,313</u> |
| Balance at January 1, 2023 | \$ 246,238 |
| Service cost | |
| Current service cost | 101,596 |
| Net interest expense | <u>8,696</u> |
| Recognized in profit or loss | <u>110,292</u> |
| Benefits paid | (9,073) |
| Exchange differences on foreign plans | <u>(4,210)</u> |
| Balance at December 31, 2023 | <u>\$ 343,247</u> |

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

| | December 31 | |
|-------------------------------------|--------------------|-------------|
| | 2024 | 2023 |
| Discount rate(s) | 4.75% | 5.26% |
| Expected rate(s) of salary increase | 9.72% | 10.68% |

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

| | December 31 | |
|-------------------------------------|--------------------|--------------------|
| | 2024 | 2023 |
| Discount rate(s) | | |
| 1% increase | <u>\$ (41,627)</u> | <u>\$ (37,444)</u> |
| 1% decrease | <u>\$ 49,056</u> | <u>\$ 44,355</u> |
| Expected rate(s) of salary increase | | |
| 1% increase | <u>\$ 46,268</u> | <u>\$ 41,665</u> |
| 1% decrease | <u>\$ (40,277)</u> | <u>\$ (36,107)</u> |

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

| | <u>December 31</u> | |
|---|-----------------------|-----------------------|
| | <u>2024</u> | <u>2023</u> |
| Expected contributions to the plans for the next year | \$ <u> -</u> | \$ <u> -</u> |
| Average duration of the defined benefit obligation | 11.95 years | 12.47 years |

19. EQUITY

a. Share capital

Ordinary shares

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| 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>68,000</u> | <u>60,000</u> |
| Shares issued and fully paid | <u>\$ 680,000</u> | <u>\$ 600,000</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.

To address the initial public offering, the Company's board of directors resolved on August 6, 2024 to issue 8,000 thousand ordinary shares with a par value of \$10. This capital increase raised a total of \$4,181,799 thousand and increased the share capital issued and fully paid to \$680,000 thousand. On November 5, 2024, the above transaction was approved by the FSC. Pursuant to the authorization of the board of directors, the Chairman designated December 3, 2024 as the subscription base date, and the registration process was completed on December 24, 2024.

b. Capital surplus

| | December 31 | |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u> | | |
| Issuance of ordinary shares premium | \$ 8,353,340 | \$ 4,246,862 |
| Forfeited employee share options | 689 | 689 |
| <u>May only be used to offset a deficit</u> | | |
| Share of changes in capital surplus of subsidiaries | 21,123 | 9,819 |
| <u>May not be used for any purpose</u> | | |
| Employee share options | <u>100,509</u> | <u>48,602</u> |
| | <u>\$ 8,475,661</u> | <u>\$ 4,305,972</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 2024 and 2023 was as follows:

| | Issuance of Ordinary Shares | Forfeited Employee Share Options | Employee Share Options | Share of Changes in Capital Surplus of Subsidiaries | Total |
|---|--|---|---------------------------------------|--|---------------------|
| Balance at January 1, 2024 | \$ 4,246,862 | \$ 689 | \$ 48,602 | \$ 9,819 | \$ 4,305,972 |
| Issuance of ordinary shares for cash | 4,106,478 | - | (4,679) | - | 4,101,799 |
| Share-based payments | <u>-</u> | <u>-</u> | <u>56,586</u> | <u>11,304</u> | <u>67,890</u> |
| Balance at December 31, 2024 | <u>\$ 8,353,340</u> | <u>\$ 689</u> | <u>\$ 100,509</u> | <u>\$ 21,123</u> | <u>\$ 8,475,661</u> |
| 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 | - | - | 32,485 | 9,819 | 42,304 |
| Exercised employee share options | 138,156 | - | (2,317) | - | 135,839 |
| Capital surplus transferred to share capital | (39,618) | - | - | - | (39,618) |
| Forfeited employee share options | <u>-</u> | <u>689</u> | <u>(689)</u> | <u>-</u> | <u>-</u> |
| Balance at December 31, 2023 | <u>\$ 4,246,862</u> | <u>\$ 689</u> | <u>\$ 48,602</u> | <u>\$ 9,819</u> | <u>\$ 4,305,972</u> |

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles of Incorporation (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 21(g).

According to the Company’s Articles, the dividend policy is aligned with the Company’s current and future development plans, taking into account the investment environment, capital requirements, domestic and international competitiveness, and the interests of shareholders. At least 10% of the distributable earnings for the year shall be distributed as dividends to shareholders. However, under special circumstances or when the accumulated distributable earnings are less than 10% of the paid-in capital, the shareholders’ meeting may resolve not to distribute dividends. Dividends may be distributed in the form of shares or cash, provided that cash dividends shall not be less than 5% of the total amount of dividends distributed.

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 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 had been resolved by the shareholders in their meetings on June 28, 2024, was as follows:

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

The appropriation of earnings for 2024, which was proposed by the Company's board of directors on March 11, 2025, was as follows:

| | For the Year Ended December 31, 2024 |
|---------------------------------|---|
| Legal reserve | \$ 66,299 |
| Special reserve | \$ 4,193 |
| Cash dividends | \$ 102,000 |
| Cash dividends per share (NT\$) | \$ 1.5 |

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on May 29, 2025.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 213 | \$ - |
| Recognized for the year | | |
| Exchange differences on the translation of the financial statements of foreign operations | (5,507) | 266 |
| Income tax related to exchange differences on the translation of the financial statements of foreign operations | <u>1,101</u> | <u>(53)</u> |
| Other comprehensive income recognized for the year | <u>(4,406)</u> | <u>213</u> |
| Balance at December 31 | <u>\$ (4,193)</u> | <u>\$ 213</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 | |
|---|---------------------------------------|-------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ - | \$ 70 |
| Recognized for the year | | |
| Exchange differences on the translation of the financial statements of foreign operations | - | (317) |
| Income tax related to exchange differences on the translation of the financial statements of foreign operations | - | - |
| Reorganization | <u>-</u> | <u>247</u> |
| Balance at December 31 | <u>\$ -</u> | <u>\$ -</u> |

20. REVENUE

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2024 | 2023 |
| Revenue from contracts with customers | | |
| Service fee revenue - third-party payment | \$ 5,193,206 | \$ 3,974,474 |
| Financial marketing cooperation | 767,916 | 569,116 |
| System management services revenue | 143,491 | 181,786 |
| Others | <u>191,387</u> | <u>202,862</u> |
| | <u>\$ 6,296,000</u> | <u>\$ 4,928,238</u> |

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

Contract Balances

| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|--|------------------------------|------------------------------|----------------------------|
| Trade receivables (Note 9) | <u>\$ 307,567</u> | <u>\$ 234,511</u> | <u>\$ 177,366</u> |
| Trade receivables from related parties (Note 29) | <u>\$ 22,826</u> | <u>\$ 20,259</u> | <u>\$ 51,936</u> |
| Contract liabilities - current | <u>\$ 372,722</u> | <u>\$ 210,829</u> | <u>\$ 106,579</u> |

The changes in the balance of contract liabilities primarily result from the timing difference between the Group'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, 2024 and 2023 was \$8,543 thousand and \$20,406 thousand, respectively.

21. NET PROFIT

a. Interest income

| | For the Year Ended December 31 | |
|---------------|---------------------------------------|------------------|
| | 2024 | 2023 |
| Bank deposits | \$ 94,696 | \$ 57,109 |
| Others | <u>57</u> | <u>1</u> |
| | <u>\$ 94,753</u> | <u>\$ 57,110</u> |

b. Other income

| | For the Year Ended December 31 | |
|---------------|---------------------------------------|---------------|
| | 2024 | 2023 |
| Rental income | \$ 549 | \$ 548 |
| Others | <u>16,754</u> | <u>219</u> |
| | <u>\$ 17,303</u> | <u>\$ 767</u> |

c. Other gains and losses

| | For the Year Ended December 31 | |
|---|---------------------------------------|-----------------|
| | 2024 | 2023 |
| Net foreign exchange gains | \$ 23,905 | \$ 1,955 |
| Gain on lease modification (Note 29) | - | 5,893 |
| Gain on disposal of property, plant and equipment | 769 | 351 |
| Loss on disposal of intangible assets | - | (86) |
| Others | <u>(5)</u> | <u>28</u> |
| | <u>\$ 24,669</u> | <u>\$ 8,141</u> |

Net foreign exchange gains:

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|-----------------|
| | 2024 | 2023 |
| Foreign exchange gains | \$ 56,971 | \$ 32,332 |
| Foreign exchange losses | <u>(33,066)</u> | <u>(30,377)</u> |
| Net foreign exchange gains | <u>\$ 23,905</u> | <u>\$ 1,955</u> |

d. Finance costs

| | For the Year Ended December 31 | |
|-------------------------------|---------------------------------------|-----------------|
| | 2024 | 2023 |
| Interest on lease liabilities | \$ 7,596 | \$ 4,015 |
| Other finance costs | <u>453</u> | <u>242</u> |
| | <u>\$ 8,049</u> | <u>\$ 4,257</u> |

e. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2024 | 2023 |
| Depreciation expenses | \$ 112,380 | \$ 95,562 |
| Less: Expense allocation (Note 29) | <u>(7,203)</u> | <u>(13,895)</u> |
| | <u>\$ 105,177</u> | <u>\$ 81,667</u> |
| An analysis of depreciation by function | | |
| Operating expenses | <u>\$ 105,177</u> | <u>\$ 81,667</u> |
| Amortization expenses | \$ 14,777 | \$ 6,079 |
| Less: Expense allocation (Note 29) | <u>(19)</u> | <u>(69)</u> |
| | <u>\$ 14,758</u> | <u>\$ 6,010</u> |

(Continued)

| | <u>For the Year Ended December 31</u> | |
|---|--|------------------------|
| | 2024 | 2023 |
| An analysis of amortization by function | | |
| Operating costs | \$ 14,169 | \$ 5,675 |
| Operating expenses | <u>589</u> | <u>335</u> |
| | <u>\$ 14,758</u> | <u>\$ 6,010</u> |

(Concluded)

f. Employee benefits expense

| | <u>For the Year Ended December 31</u> | |
|--|--|--------------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 872,795 | \$ 770,653 |
| Post-employment benefits | | |
| Defined contribution plans | 25,302 | 20,587 |
| Defined benefit plans | 95,200 | 110,292 |
| Share-based payments (Note 24) | | |
| Equity-settled | 67,890 | 52,486 |
| Cash-settled | 18,513 | 30,135 |
| Other employee benefits | <u>84,351</u> | <u>30,566</u> |
| Total employee benefits expenses | 1,164,051 | 1,014,719 |
| Less: Expense allocation (Note 29) | <u>(130,874)</u> | <u>(355,629)</u> |
| | <u>\$ 1,033,177</u> | <u>\$ 659,090</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 422,450 | \$ 270,321 |
| Operating expenses | <u>610,727</u> | <u>388,769</u> |
| | <u>\$ 1,033,177</u> | <u>\$ 659,090</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 compensation of employees and the remuneration of directors and supervisors for the year ended December 31, 2024 and 2023, which was approved by the Company's board of directors on March 11, 2025 and March 28, 2024, respectively is as follows:

Accrual rate

| | <u>For the Year Ended December 31</u> | |
|---|--|-------------|
| | 2024 | 2023 |
| Compensation of employees | 1.02% | 1.01% |
| Remuneration of directors and supervisors | - | - |

Amount

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|-----------------|
| | <u>2024</u> | <u>2023</u> |
| | <u>Cash</u> | <u>Cash</u> |
| Compensation of employees | \$ <u>8,606</u> | \$ <u>6,142</u> |
| Remuneration of directors and supervisors | \$ <u>-</u> | \$ <u>-</u> |

If there is a change in the amounts after the annual consolidated 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, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Current income tax | | |
| In respect of the current year | \$ 249,237 | \$ 61,497 |
| Income tax on unappropriated earnings | 21,672 | - |
| Adjustments for prior year | <u>(1,150)</u> | <u>-</u> |
| | 269,759 | 61,497 |
| Deferred income tax | | |
| In respect of the current year | <u>(47,268)</u> | <u>58,603</u> |
| Income tax expense recognized in profit or loss | \$ <u>222,491</u> | \$ <u>120,100</u> |

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

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Profit before tax | \$ <u>869,610</u> | \$ <u>613,089</u> |
| Income tax expense calculated at the statutory rate (20%) | \$ 173,922 | \$ 122,618 |
| Nondeductible expenses in determining taxable income | 1,161 | 3,829 |
| Unrecognized deductible temporary differences | (795) | (4,602) |
| Income tax on unappropriated earnings | 21,672 | - |
| Adjustment for prior years' tax | (1,150) | - |
| Effect of different tax rates of group entities operating in other jurisdictions | (6,920) | (133) |
| Others | <u>34,601</u> | <u>(1,612)</u> |
| Income tax expense recognized in profit or loss | \$ <u>222,491</u> | \$ <u>120,100</u> |

In compliance with local tax regulations, the Korean subsidiary LINE Pay Plus Corporation is subject to national income tax at a rate of 19% based on progressive income levels. Additionally, local income tax is calculated and paid at a rate of 10% based on the applicable tax rate.

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---------------------------------------|--------------|
| | 2024 | 2023 |
| <u>Deferred tax</u> | | |
| In respect of the current year | | |
| Exchange differences on translation of the financial statements of foreign operations | \$ (1,101) | \$ 53 |
| Remeasurement of defined benefit plans | <u>1,744</u> | <u>-</u> |
| | <u>\$ 643</u> | <u>\$ 53</u> |

c. Current tax assets and liabilities

| | December 31 | |
|-------------------------|--------------------|------------------|
| | 2024 | 2023 |
| Current tax assets | | |
| Tax refund receivable | <u>\$ -</u> | <u>\$ 10,524</u> |
| Current tax liabilities | | |
| Income tax payable | <u>\$ 168,016</u> | <u>\$ 55,737</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, 2024

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Difference | Closing Balance |
|--|------------------------|-------------------------------------|---|----------------------------|------------------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Unrealized marketing expense | \$ 31,602 | \$ 1,444 | \$ - | \$ - | \$ 33,046 |
| Depreciation of restoration costs | 1,273 | 1,198 | - | (46) | 2,425 |
| Cash-settled share-based payment transactions | 2,381 | 2,098 | - | (105) | 4,374 |
| Refund liabilities | 2,316 | 670 | - | - | 2,986 |
| Lease liabilities | - | 14,331 | - | (754) | 13,577 |
| Defined Benefit Retirement Plan | - | 38,643 | (1,744) | (1,943) | 34,956 |
| Loss on investment in subsidiaries accounted for using the equity method | 1,396 | (1,396) | - | - | - |

(Continued)

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Difference | Closing Balance |
|--|----------------------------|---|---|--------------------------------|----------------------------|
| Exchange differences on translating the financial statements of foreign operations | \$ - | \$ - | \$ 1,048 | \$ - | \$ 1,048 |
| Others | - | 13,512 | - | (565) | 12,947 |
| | <u>\$ 38,968</u> | <u>\$ 70,500</u> | <u>\$ (696)</u> | <u>\$ (3,413)</u> | <u>\$ 105,359</u> |
| <u>Deferred tax liabilities</u> | | | | | |
| Temporary differences | | | | | |
| Unrealized exchange gains | \$ 848 | \$ (745) | \$ - | \$ - | \$ 103 |
| Unrealized refund costs | 1,744 | 690 | - | - | 2,434 |
| Right-of-use assets | - | 14,303 | - | (753) | 13,550 |
| Unrealized income | - | 202 | - | (12) | 190 |
| Gain on investment in subsidiaries accounted for using the equity method | - | 8,782 | - | - | 8,782 |
| Exchange differences on translating the financial statements of foreign operations | 53 | - | (53) | - | - |
| | <u>\$ 2,645</u> | <u>\$ 23,232</u> | <u>\$ (53)</u> | <u>\$ (765)</u> | <u>\$ 25,059</u> |

(Concluded)

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 | - | - | 53 | 53 |
| | <u>\$ -</u> | <u>\$ 2,592</u> | <u>\$ 53</u> | <u>\$ 2,645</u> |

e. Income tax assessments

As of December 31, 2024, the Group had no pending tax litigation cases. The income tax returns of the Company through 2022 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|----------------|
| | 2024 | 2023 |
| Basic earnings per share | <u>\$ 10.67</u> | <u>\$ 8.09</u> |
| Diluted earnings per share | <u>\$ 10.26</u> | <u>\$ 7.94</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 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Profit for the year attributable to owners of the Company | \$ 647,119 | \$ 481,608 |
| Profit for the year attributable to the predecessor under common control | <u> -</u> | <u>11,381</u> |
| Profit for the year | <u>\$ 647,119</u> | <u>\$ 492,989</u> |
| Earnings used in the computation of basic earnings per share and diluted earnings per share | <u>\$ 647,119</u> | <u>\$ 481,608</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------|
| | 2024 | 2023 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 60,634 | 59,543 |
| Effect of potentially dilutive ordinary shares | | |
| Employee share options | 2,405 | 1,070 |
| Compensation of employees | <u>21</u> | <u>28</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>63,060</u> | <u>60,641</u> |

The Group 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.

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the parent company

In order to attract and retain professional personnel for the Group and incentivize employee morale to create profits for both the Company and its shareholders, the intermediate parent company, Z Holdings Corporation, which it was renamed LY Corporation from October 2023 onward, 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 Group:

| Grant Date | Granted Units | Exercise Prices (In JPY) | |
|----------------|---------------|-----------------------------|-----|
| March 31, 2021 | 1,259,600 | ¥ | 481 |
| April 28, 2020 | 1,043,400 | | 298 |
| July 29, 2019 | 370,125 | | 298 |

Qualified employees of the intermediate parent company and its subsidiaries were granted options in the intermediate parent company, Z Holdings Corporation, which was renamed LY Corporation from October 2023 onward. Each option entitles the holder to subscribe for 1,175 ordinary shares of the intermediate parent company. The options granted are valid for 9 to 10 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 intermediate parent company by issuing new shares. For any subsequent changes in the intermediate parent company's share capital, the exercise price is adjusted accordingly.

Due to organizational restructuring, the intermediate parent company, Z Holdings Corporation, was merged with LINE Corporation and other companies within the Group in October 2023. Following the merger, LINE Corporation and other companies within the Group were dissolved, and Z Holdings Corporation was the surviving company, which was renamed LY Corporation.

Information on employee share options was as follows:

| | For the Year Ended December 31, 2024 | | | | | |
|---|--------------------------------------|---|---------------------------|---|--------------------------|---|
| | 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) |
| Employee Share Options | | | | | | |
| Balance at January 1 | 1,310,125 | ¥ 481 | 1,053,975 | ¥ 298 | 437,100 | ¥ 298 |
| Options granted | - | - | - | - | - | - |
| Options transferred-in | 16,450 | 481 | 24,675 | 298 | - | - |
| Options forfeited | (34,075) | 481 | (17,625) | 298 | - | - |
| Options exercised | <u>-</u> | - | <u>(99,875)</u> | 298 | <u>(129,250)</u> | 298 |
| Balance at December 31 | <u>1,292,500</u> | 481 | <u>961,150</u> | 298 | <u>307,850</u> | 298 |
| Options exercisable, end of the year | <u>660,350</u> | 481 | <u>961,150</u> | 298 | <u>307,850</u> | 298 |

| 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) |
| Employee Share Options | | | | | | |
| Balance at January 1 | 1,214,950 | ¥ 481 | 962,325 | ¥ 298 | 351,325 | ¥ 298 |
| Options granted | - | - | - | - | - | - |
| Options transferred-in | 125,725 | 481 | 125,725 | 298 | 105,750 | 298 |
| Options forfeited | (30,550) | 481 | (14,100) | 298 | (8,225) | 298 |
| Options exercised | - | - | (19,975) | 298 | (11,750) | 298 |
| Balance at December 31 | <u>1,310,125</u> | 481 | <u>1,053,975</u> | 298 | <u>437,100</u> | 298 |
| Options exercisable, end of the year | <u>273,275</u> | 481 | <u>526,400</u> | 298 | <u>200,925</u> | 298 |

Information on outstanding options was as follows:

| | December 31 | |
|--|-------------|------------|
| | 2024 | 2023 |
| Range of exercise price (in JPY) | ¥298-¥481 | ¥298-¥481 |
| Weighted-average remaining contractual life (in years) | 5.26 years | 6.16 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 \$16,936 thousand and \$26,297 thousand for the years ended December 31, 2024 and 2023, 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 Prices (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, 2024 | | | | | | | | |
|--|--------------------------------------|--|--|----------------------|--|------|----------------------|--|------|
| | 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 | - | \$ - | | 1,798,250 | \$ 104.60 | Note | 1,394,000 | \$ 104.60 | Note |
| Options granted | - | - | | - | - | | - | - | |
| Options forfeited | - | - | | (79,500) | 104.60 | Note | - | - | |
| Options exercised | - | - | | - | - | | - | - | |
| Options expired | - | - | | - | - | | - | - | |
| Balance at December 31 | - | - | | <u>1,718,750</u> | 104.60 | Note | <u>1,394,000</u> | 104.60 | Note |
| Options exercisable, end of the year | - | - | | - | - | | - | - | |

| 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 | <u>(396,000)</u> | 112.00 | - | - | - | - | | |
| Balance at December 31 | <u>-</u> | - | <u>1,798,250</u> | 104.60 | Note | <u>1,394,000</u> | 104.60 | Note |
| Options exercisable, end of the year | <u>-</u> | - | <u>-</u> | - | - | <u>-</u> | - | - |
| Weighted-average fair value of options granted (\$) | <u>\$ 1.74</u> | | <u>\$ 50.67</u> | | | <u>\$ 51.81</u> | | |

Note: The exercise prices have been adjusted to reflect the issuance of shares for cash and the distribution of share and cash dividend in accordance with the plan.

Information on outstanding options was as follows:

| | December 31 | |
|--|-------------|------------|
| | 2024 | 2023 |
| Range of exercise price (NT\$) | \$104.60 | \$104.60 |
| Weighted-average remaining contractual life (in years) | 8.53 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% |

Compensation costs recognized were \$46,275 thousand and \$26,189 thousand for the years ended December 31, 2024 and 2023, respectively.

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

In August 2022, Z Holdings Corporation, which was renamed LY Corporation from October 2023 onward, 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 Group. This plan aims to reward all employees of Z Holdings Corporation, which was renamed LY Corporation from October 2023 onward, and its controlled subsidiaries who meet certain conditions. Employees are awarded reward points based on their achievements, and the share-based payments will be settled in cash when the vesting conditions are fulfilled.

The Group recorded compensation costs in respect of cash-settled share-based payments of \$18,513 thousand and \$30,135 thousand for the year ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Group recorded liabilities of \$31,476 thousand and \$29,156 thousand, respectively, under other payables and other non-current liabilities. Refer to Note 16.

d. Employee stock subscription rights reserved in cash capital increase

The Company was approved by the FSC on November 5, 2024, to issue 8,000 thousand shares through a cash capital increase. According to the board of directors resolution on November 8, 2024, a portion of the shares was reserved for subscription by employees.

The Company adopted the Black-Scholes valuation model to recognize a compensation cost of \$4,679 thousand for the employee stock subscription rights under the aforementioned cash capital increase. The full amount vested on the grant date. The input assumptions used in the valuation model are as follows:

| | Grant Day November 22, 2024 |
|-------------------------------|--|
| Grant-date share price (NT\$) | \$512 |
| Exercise price (NT\$) | \$508 |
| Expected volatility | 34.67% |
| Expected life (in days) | 7 |
| Risk-free interest rate | 1.61% |

25. BUSINESS COMBINATION UNDER COMMON CONTROL

In July 2023, the Company acquired 100% interest in LINE Pay Plus Corporation from LINE Biz Plus Corporation with a cash payment as consideration in order to expand the business and enhance operational efficiency. The transaction is a business combination under common control; therefore, the comparative information of the prior period in the consolidated financial statements is restated as if the combination had already occurred.

a. Subsidiaries acquired

| Subsidiary | Principal Activity | Date of Acquisition | Proportion of Voting Equity Interests Acquired (%) |
|---------------------------|---|----------------------------|---|
| LINE Pay Plus Corporation | System platform development and maintenance | July 3, 2023 | 100 |

b. Consideration transferred

LINE Pay Plus Corporation

Cash \$ 207,792

c. Net assets at the date of acquisition

LINE Pay Plus Corporation

Current assets

Cash and cash equivalents \$ 238,812

Trade and other receivables 133,626

Other current assets 6,473

Non-current assets

Plant and equipment 16,169

Other non-current assets 10,146

Current liabilities

Trade and other payables (60,024)

Other current liabilities (8,369)

Non-current liabilities

Net defined benefit liabilities (281,687)

Other non-current liabilities (16,891)

\$ 38,255

d. The impact of the business combination under common control

LINE Pay Plus Corporation

Consideration paid \$ 207,792

Less: Carrying amount of the acquired net assets (38,255)

The impact recognized in equity \$ 169,537

The amount of the consideration paid that exceeds the carrying amount is adjusted to capital surplus from issued ordinary shares.

26. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2024 and 2023, the Group entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

As of December 31, 2024 and 2023, the Group had not yet paid for the acquisition of property, plant and equipment at amounts of \$126,720 thousand and \$785 thousand, respectively, which were recorded under other payables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2024

| | Opening Balance | Cash Flows | Non-cash Changes | | | Others | Closing Balance |
|-------------------|-----------------|-------------|------------------|-------------------|--------------------------|------------|-----------------|
| | | | New Leases | Interest Expenses | Change in Exchange Rates | | |
| Lease liabilities | \$ 209,561 | \$ (68,874) | \$ 36,843 | \$ 7,596 | \$ (9,623) | \$ (7,596) | \$ 167,907 |

For the year ended December 31, 2023

| | Opening Balance | Cash Flows | Non-cash Changes | | | Others | Closing Balance |
|-------------------|-----------------|-------------|------------------|-------------------|--------------------------|----------|-----------------|
| | | | New Leases | Interest Expenses | Change in Exchange Rates | | |
| Lease liabilities | \$ 74,121 | \$ (53,536) | \$ 178,720 | \$ 4,015 | \$ (2,313) | \$ 8,554 | \$ 209,561 |

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group 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 Group consists of equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group 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 Group may adjust the amount of dividends paid to shareholders or the number of new shares issued.

28. 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 consolidated 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. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|---------|---------|---------|--------|
| Financial assets at FVTPL | | | | |
| Oversea unlisted shares | \$ - | \$ - | \$ 201 | \$ 201 |

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|-------------------|-------------------|-----------------|-----------------|
| Financial assets at FVTPL | | | | |
| Oversea unlisted shares | \$ <u> -</u> | \$ <u> -</u> | \$ <u> 214</u> | \$ <u> 214</u> |

There were no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2024

| Financial Assets | Financial Assets at FVTPL Equity Instruments |
|---|---|
| Balance at January 1, 2024 | \$ 214 |
| Effect of foreign currency exchange differences | <u> (13)</u> |
| Balance at December 31, 2024 | \$ <u> 201</u> |

For the year ended December 31, 2023

| Financial Assets | Financial Assets at FVTPL Equity Instruments |
|---|---|
| Balance at January 1, 2023 | \$ 218 |
| Effect of foreign currency exchange differences | <u> (4)</u> |
| Balance at December 31, 2023 | \$ <u> 214</u> |

3) Valuation techniques and inputs applied for Level 3 fair value measurement.

The fair value of unlisted equity securities held by the Group is determined using the asset-based approach. In this approach, the value of net asset measured at fair value in the most recent financial statements of the investee and a liquidity discount parameter are considered in order to derive the fair value of the shares.

c. Categories of financial instruments

| | December 31 | |
|---|--------------------|-------------|
| | 2024 | 2023 |
| <u>Financial assets</u> | | |
| FVTPL | | |
| Mandatorily classified as at FVTPL | \$ 201 | \$ 214 |
| Financial assets at amortized cost (1) | 16,061,714 | 12,137,657 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost (2) | 4,980,477 | 6,194,229 |

- 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 (excluding tax refund 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 bonus, payables for VAT, payables for cash-settled share-based payments transactions and payables for insurance), other payables to related parties, and other current liabilities (excluding refund liabilities, advanced receipts and receipts under custody).
- d. Financial risk management objectives and policies

The Group's major financial instruments include receivables, other financial assets, payables and other current liabilities. The Group'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 Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

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

1) Market risk

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

There has been no change to the Group'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 Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currencies of each entity in the Group 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 functional currency of each entity in the Group strengthening 1% against the relevant currency. For a 1% weakening of the functional currency of each entity in the Group against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

| | USD Impact | | JPY Impact | |
|----------------|--|------------|--|--------|
| | For the Year Ended December 31 2024 | 2023 | For the Year Ended December 31 2024 | 2023 |
| Profit or loss | \$ (3,751) | \$ (1,652) | \$ 482 | \$ 500 |

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

The Group's sensitivity to USD increased during the current year mainly due to the increase in net assets in USD.

The Group's sensitivity to JPY did not change from the previous period.

b) Interest rate risk

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

| | December 31 | |
|-------------------------------|--------------------|-------------|
| | 2024 | 2023 |
| Fair value interest rate risk | | |
| Financial assets | \$ 6,057,448 | \$ 277,000 |
| Financial liabilities | 167,907 | 209,561 |
| Cash flow interest rate risk | | |
| Financial assets | 7,774,945 | 8,432,299 |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$77,749 thousand and \$84,323 thousand, respectively, which was mainly a result of the Group's exposure to interest rates of bank deposits and other financial assets.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decreased in floating rate financial assets.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2024 and 2023 would have both increased/decreased by \$2 thousand as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group 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 consolidate balance sheets.

In order to minimize credit risk, the management of the Group 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 Group reviews the recoverable amount of each individual debt at the end of the year to ensure that an adequate allowance is made for possible irrecoverable amounts.

3) Liquidity risk

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

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

The following table details the Group'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 Group 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, 2024

| | On Demand or Less than 1 Month | 1 Month to 3 Months | 3 Months to 1 Year | 1-5 Years |
|----------------------------------|---|--------------------------------|-------------------------------|-------------------|
| Non-interest bearing liabilities | \$ 2,729,243 | \$ - | \$ - | \$ - |
| Lease liabilities | <u>6,408</u> | <u>12,815</u> | <u>51,933</u> | <u>108,842</u> |
| | <u>\$ 2,735,651</u> | <u>\$ 12,815</u> | <u>\$ 51,933</u> | <u>\$ 108,842</u> |

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 | \$ 3,792,069 | \$ - | \$ - | \$ - |
| Lease liabilities | <u>6,336</u> | <u>12,673</u> | <u>51,691</u> | <u>158,885</u> |
| | <u>\$ 3,798,405</u> | <u>\$ 12,673</u> | <u>\$ 51,691</u> | <u>\$ 158,885</u> |

29. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is LINE Financial Corporation, which held 58.09% and 68.35% of the ordinary shares of the Company as of December 31, 2024 and 2023, respectively. The Company's ultimate parent company is SoftBank Group Corp.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed 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) | Intermediate parent company |
| LINE Financial Corporation (Note 2) | Parent company |
| LINE Pay Corporation | Fellow subsidiary |
| LINE Plus Corporation | Fellow subsidiary |
| LINE Biz Plus Corporation (Note 3) | Fellow subsidiary |
| LINE Taiwan Limited | Fellow subsidiary |
| LINE Studio Corporation | Fellow subsidiary |
| Softbank Robotics Corp. | Fellow subsidiary |
| NAVER Corporation | The Company' acts as its associate |
| NAVER Cloud Corporation | Related party in substance |
| Commpartners Corporation | Related party in substance |
| JDW Co., Ltd. (Note 4) | Related party in substance |
| Choco Media Co., Limited | Related party in substance |
| LINE Bank Taiwan Limited | Related party in substance |
| IPX Corporation (Note 5) | Related party in substance |
| LINE Friends Taiwan Limited (Note 5) | Related party in substance |
| N Tech Service Corporation | Related party in substance |
| NAVER I&S Corporation | Related party in substance |
| NAVER Financial Corporation | Related party in substance |
| NAVER Connect Foundation | Related party in substance |
| inComms Corporation | Related party in substance |
| SNOW Corporation | Related party in substance |
| LINE Friends Japan Corporation | Related party in substance |

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

Note 2: LINE Financial Plus Corporation was renamed LINE Financial Corporation in October 2023.

Note 3: The fellow subsidiary, LINE Biz Plus Corporation, resolved to dissolve and liquidate during its shareholders' meeting in June 2024. The liquidation process was completed in September 2024.

Note 4: Due to changes in percentage of ownership, the Group'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, 2023 are disclosed based on the above new related party category.

Note 5: Starting in May 2024, the related party category of former fellow subsidiaries, IPX Corporation and LINE Friends Taiwan Limited, changed from that of fellow subsidiaries to that of related parties in substance. The related party transactions for the year ended December 31, 2023 are disclosed based on the above new related party category.

b. Operating revenue

| Related Party Category/Name | Nature | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|--------------------------------|-------------------|
| | | 2024 | 2023 |
| Parent company | System management service revenue (1) | \$ 16,102 | \$ - |
| Intermediate parent company | | | |
| LY Corporation | Service fee revenue (2) | 257,763 | 230,703 |
| Fellow subsidiaries | | | |
| LINE Pay Corporation | System management service revenue (3) | 127,389 | 181,786 |
| Others | Service fee revenue (4) | 29,364 | 25,187 |
| | Others | 5,067 | 7,925 |
| The Company's shareholders | Service fee revenue (4) | 9,878 | 11,558 |
| | Financial marketing cooperation (5) | 98,523 | 126,375 |
| | Others | 6,173 | 3,161 |
| Related parties in substance | Service fee revenue (4) | 24,234 | 23,244 |
| | Others | <u>918</u> | <u>1,191</u> |
| | | <u>\$ 575,411</u> | <u>\$ 611,130</u> |

1) The subsidiary, LINE Pay Plus Corporation, entered into a system software development and maintenance service agreement with LINE Financial Corporation on June 1, 2024. The service fee is charged monthly based on the agreed-upon rates per hour worked.

2) 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.

3) The subsidiary, LINE Pay Plus Corporation, provided manpower support services related to software development and maintenance of the payment system for LINE Pay Corporation. The service fee is charged monthly based on the agreed-upon rates per hour worked, and in July 2023, the agreement was terminated. In June 2024, the service contract was renewed, and the services revenue is computed based on hours worked and the agreed-upon rates.

4) 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.

5) 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 and point rewards card.

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 | |
|--|-------------------------------------|--------------------------------|---------------------|
| | | 2024 | 2023 |
| Fellow subsidiaries | | | |
| LINE Pay Corporation | System management service costs (1) | \$ 37,869 | \$ 270,104 |
| The Company's shareholders | | | |
| Taipei Fubon Commercial Bank Co., Ltd. | Service fee costs (2) | 31,307 | 725,050 |
| Union Bank of Taiwan Co., Ltd. | Service fee costs (2) | 253,257 | 178,988 |
| Related party in substance | | | |
| | System management service costs | 35,215 | 17,103 |
| | Others | <u>700</u> | <u>10,918</u> |
| | | <u>\$ 358,348</u> | <u>\$ 1,202,163</u> |

1) In 2019, the Company entered into a system 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 was changed to a 5.5% markup on the cost of services rendered by LINE Pay Corporation. The fee is recognized as an operating cost or an operating expense based on its nature.

2) 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. Contract liabilities

| Related Party Category/Name | December 31 | |
|-----------------------------|---------------|-------------|
| | 2024 | 2023 |
| Parent company | <u>\$ 563</u> | <u>\$ -</u> |

e. Receivables from related parties

| Line Item | Related Party Category/Name | December 31 | |
|--|--|-------------------|-------------------|
| | | 2024 | 2023 |
| Trade receivables | Fellow subsidiaries | | |
| | LINE Pay Corporation | \$ 13,808 | \$ - |
| | Others | 1,021 | 1,301 |
| | The Company's shareholders | | |
| | Taipei Fubon Commercial Bank Co., Ltd. | 5,596 | 15,634 |
| | Others | <u>2,401</u> | <u>3,324</u> |
| | | <u>\$ 22,826</u> | <u>\$ 20,259</u> |
| Other receivables - third-party payment (unappropriated) | The Company's shareholders | | |
| | Taipei Fubon Commercial Bank Co., Ltd. | \$ 39,952 | \$ 65,084 |
| | Union Bank of Taiwan Co., Ltd. | <u>105,210</u> | <u>215,998</u> |
| | | <u>\$ 145,162</u> | <u>\$ 281,082</u> |
| Other receivables - points issued | Fellow subsidiary | | |
| | LINE Taiwan Limited | \$ 154,166 | \$ 152,884 |
| | The Company's shareholders | | |
| | Taipei Fubon Commercial Bank Co., Ltd. | 80,399 | 86,428 |
| | Others | <u>19,382</u> | <u>30,583</u> |
| | | <u>\$ 253,947</u> | <u>\$ 269,895</u> |
| Other receivables - others | Fellow subsidiary | <u>\$ -</u> | <u>\$ 96,070</u> |

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized on trade and other receivables from related parties.

f. Payables to related parties

| Line Item | Related Party Category/Name | December 31 | |
|----------------|-----------------------------|------------------|------------------|
| | | 2024 | 2023 |
| Trade payables | Fellow subsidiaries | | |
| | LINE Pay Corporation | \$ 2,074 | \$ 23,558 |
| | LINE Taiwan Limited | 31,814 | 20,613 |
| | Related party in substance | | |
| | N Tech Service Corporation | <u>3,955</u> | <u>2,981</u> |
| | | <u>\$ 37,843</u> | <u>\$ 47,152</u> |

(Continued)

| Line Item | Related Party Category/Name | December 31 | |
|---|-----------------------------------|------------------|------------------|
| | | 2024 | 2023 |
| Other payables | Parent company | | |
| | LINE Financial Corporation | \$ 2,309 | \$ - |
| | Intermediate parent company | 116 | 124 |
| | Fellow subsidiaries | | |
| | LINE Pay Corporation | 3,937 | 17,278 |
| | Others | 535 | 242 |
| | The Company acts as its associate | 2,294 | 1,733 |
| | Related party in substance | <u>1,584</u> | <u>2,200</u> |
| | <u>\$ 10,775</u> | <u>\$ 21,577</u> | |
| Payables for receipts on behalf of others - third-party payment (settled) (classified as other current liabilities) | Intermediate parent company | \$ 16,758 | \$ 20,848 |
| | Fellow subsidiaries | 37,353 | 43,119 |
| | Related party in substance | <u>5,126</u> | <u>4,606</u> |
| | | <u>\$ 59,237</u> | <u>\$ 68,573</u> |

(Concluded)

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

g. Prepayments

| Related Party Category/Name | December 31 | |
|-----------------------------------|-----------------|-----------------|
| | 2024 | 2023 |
| Intermediate parent company | | |
| LY Corporation | \$ 933 | \$ 878 |
| Fellow subsidiary | | |
| Softbank Robotics Corp. | 2,496 | - |
| The Company acts as its associate | 5 | - |
| Related party in substance | | |
| IPX Corporation | 820 | 1,520 |
| Others | <u>30</u> | <u>60</u> |
| | <u>\$ 4,284</u> | <u>\$ 2,458</u> |

h. Acquisition of property, plant and equipment

| Related Party Category/Name | Purchase Price | |
|-----------------------------|--------------------------------|-----------------|
| | For the Year Ended December 31 | |
| | 2024 | 2023 |
| Parent company | \$ 46 | \$ 247 |
| Fellow subsidiary | <u>220</u> | <u>9,668</u> |
| | <u>\$ 266</u> | <u>\$ 9,915</u> |

i. Disposal of property, plant and equipment

| Related Party Category/Name | Proceeds | | Gain on Disposal | |
|-----------------------------|--------------------|------|--------------------|------|
| | For the Year Ended | | For the Year Ended | |
| | 2024 | 2023 | 2024 | 2023 |
| Fellow subsidiary | \$ 3 | \$ - | \$ - | \$ - |

j. Acquisition of intangible assets

| Related Party Category/Name | Purchase Price | |
|-----------------------------|----------------|-----------|
| | 2024 | 2023 |
| Intermediate parent company | | |
| LY Corporation | \$ - | \$ 8,248 |
| Fellow subsidiary | | |
| LINE Pay Corporation | - | 57,100 |
| Others | - | 8 |
| | \$ - | \$ 65,356 |

k. Lease arrangements

| Related Party Category/Name | For the Year Ended December 31 | |
|---|--------------------------------|------------|
| | 2024 | 2023 |
| <u>Acquisition of right-of-use assets</u> | | |
| Parent company | | |
| LINE Financial Corporation | \$ - | \$ 178,720 |

| Line Item | Related Party Category/Name | December 31 | |
|-------------------|-----------------------------|-------------|------------|
| | | 2024 | 2023 |
| Lease liabilities | Parent company | | |
| | LINE Financial Corporation | \$ 137,137 | \$ 180,476 |

| Related Party Category/Name | For the Year Ended December 31 | |
|-----------------------------|--------------------------------|----------|
| | 2024 | 2023 |
| <u>Interest expense</u> | | |
| Parent company | | |
| LINE Financial Corporation | \$ 7,286 | \$ 3,433 |
| Related party in substance | | |
| SNOW Corporation | - | 32 |
| | \$ 7,286 | \$ 3,465 |

| Related Party Category/Name | For the Year Ended December 31 | |
|------------------------------------|---------------------------------------|-----------------|
| | 2024 | 2023 |
| <u>Lease expense</u> | | |
| Fellow subsidiary | \$ - | \$ 125 |
| Related party in substance | <u>-</u> | <u>2,614</u> |
| | <u>\$ -</u> | <u>\$ 2,739</u> |

The subsidiary leased the right-of-use assets of office buildings from its parent company and related party in substance in August 2023 and February 2022, respectively. The lease terms of the two contracts were 5 years and 1.5 years, respectively; the rental is based on similar assets' market rental rates and fixed lease payments are paid monthly. However, in March 2023, the subsidiary terminated its lease agreement with a related party in substance in advance, recognizing a gain on lease modification of \$4,633 thousand, which was recorded under other gains and losses.

Lease expenses included expenses relating to short-term leases.

1. Others

| Line Item | Related Party Category/Name | December 31 | |
|---------------------------------------|------------------------------------|--------------------|------------------|
| | | 2024 | 2023 |
| Refundable deposits | Parent company | | |
| | LINE Financial Corporation | <u>\$ 18,290</u> | <u>\$ 19,523</u> |
| For the Year Ended December 31 | | | |
| Line Item | Related Party Category/Name | 2024 | 2023 |
| Marketing expenses | Fellow subsidiaries | \$ 271 | \$ 531 |
| | Related party in substance | <u>-</u> | <u>171</u> |
| | | <u>\$ 271</u> | <u>\$ 702</u> |
| Management service expenses | Parent company (1) | \$ 10,407 | \$ - |
| | Intermediate parent company (2) | 3,529 | 5,397 |
| | Fellow subsidiaries | | |
| | LINE Pay Corporation (c) | 43,526 | 63,494 |
| | Others | 2,106 | 1,192 |
| | Related party in substance | <u>10,798</u> | <u>5,122</u> |
| | | <u>\$ 70,366</u> | <u>\$ 75,205</u> |
| Other management expenses | Parent company | \$ 833 | \$ 130 |
| | Intermediate parent company | 6,059 | 4,601 |
| | Fellow subsidiaries | 3,570 | 266 |
| | The Company act as its associate | 2,996 | 2,230 |
| | Related party in substance | <u>7,943</u> | <u>3,476</u> |
| | | <u>\$ 21,401</u> | <u>\$ 10,703</u> |

(Continued)

| Line Item | Related Party Category/Name | For the Year Ended December 31 | |
|-----------------------------------|-----------------------------|--------------------------------|------------------|
| | | 2024 | 2023 |
| Research and development expenses | Fellow subsidiaries | | |
| | LINE Plus Corporation (3) | \$ - | \$ 16,273 |
| | Related party in substance | <u>1,815</u> | <u>5,404</u> |
| | | <u>\$ 1,815</u> | <u>\$ 21,677</u> |

(Concluded)

- 1) The subsidiary entered into a management service agreement with LINE Financial Corporation on June 1, 2024. The fee for the services is calculated monthly based on the actual hours worked by LINE Financial Corporation.
- 2) 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.
- 3) 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 subsidiaries LINE Pay Plus Corporation was established in April 2023, the service has been provided by it since then.
- 4) The Company paid \$20,767 thousand and \$46,015 thousand to LY Corporation for the years ended December 31, 2024 and 2023, respectively, for transactions conducted by consumers to purchase products from LINE STORE using LINE Points whose costs are borne by the Company.
- 5) The subsidiary shared manpower with its fellow subsidiary, LINE Biz Plus Corporation, and received \$141,304 thousand and \$390,761 thousand for the years ended December 31, 2024 and 2023, respectively, which were recognized as reductions in the Group's operating costs or operating expenses based on their nature. The service was terminated in May 2024.

m. Remuneration of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|--------------------------------|------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 53,610 | \$ 44,426 |
| Post-employment benefits | 997 | 1,108 |
| Share-based payments | | |
| Equity-settled | 15,821 | 9,385 |
| Cash-settled | 2,891 | 3,701 |
| Other employee benefits | <u>1,450</u> | <u>3,230</u> |
| | <u>\$ 74,769</u> | <u>\$ 61,850</u> |

The remuneration of directors and other key management personnel is determined by the remuneration committee and the board of directors based on individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | 2024 | 2023 |
| Financial assets at amortized cost - current | | |
| Restricted time deposits | \$ 20,000 | \$ - |
| Financial assets at amortized cost - non-current | | |
| Restricted time deposits | 19,651 | 27,000 |
| Other financial assets - current | | |
| Escrow account deposit | <u>1,652,456</u> | <u>2,195,467</u> |
| | <u>\$ 1,692,107</u> | <u>\$ 2,222,467</u> |

31. SIGNIFICANT UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant unrecognized commitments of the Group as of December 31, 2024 and 2023, were as follows:

- a. In April 2024, the Group entered into an office lease for a land use rights investment and development project located at Plot 15, Jingmao Section, Nangang District, Taipei City. The lease term is 10 years. Starting from November 1, 2025, the monthly rent is \$6,039 thousand.
- b. In August 2024, the Group entered into a lease agreement for a dedicated server room at an internet data center. The lease term is five years. Starting from January 1, 2025, the monthly expense is \$1,952 thousand.
- c. Unrecognized commitments were as follows:

| | <u>December 31</u> | |
|--|--------------------|-------------|
| | 2024 | 2023 |
| Acquisition of property, plant and equipment | <u>\$ 55,792</u> | <u>\$ -</u> |

In addition, the Group entered into a contract for the management and maintenance of its machinery and equipment for the next 5 years, which will result in a monthly expense of \$1,772 thousand.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Due to business development needs, the Company resolved at the board of directors meeting on March 11, 2025, to invest in the establishment of a wholly-owned subsidiary with an investment amount of \$500,000 thousand. The Chairman was authorized to handle matters related to the establishment of the subsidiary.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 11,625 | 32.805 (USD:NTD) | \$ 369,556 |
| USD | 2,519 | 1,470.0 (USD:KRW) | 82,635 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 2,350 | 32.805 (USD:NTD) | 77,085 |
| JPY | 139,780 | 0.209 (JPY:NTD) | 29,212 |
| JPY | 91,020 | 9.365 (JPY:KRW) | 19,022 |

December 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 6,211 | 30.715 (USD:NTD) | \$ 190,780 |
| USD | 4,868 | 1,289.4 (USD:KRW) | 149,516 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 5,700 | 30.715 (USD:NTD) | 175,085 |
| JPY | 150,656 | 0.217 (JPY:NTD) | 32,753 |
| JPY | 79,349 | 9.127 (JPY:KRW) | 17,251 |

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

| Foreign Currency | For the Year Ended December 31 | | | |
|-----------------------------|---------------------------------------|--|----------------------|--|
| | 2024 | | 2023 | |
| | Exchange Rate | Net Foreign Exchange Gains (Losses) | Exchange Rate | Net Foreign Exchange Gains (Losses) |
| USD | 32.097 (USD:NTD) | \$ 7,917 | 31.155 (USD:NTD) | \$ 7,905 |
| USD | 1,362.6 (USD:KRW) | 17,130 | 1,294.3 (USD:KRW) | (4,361) |
| JPY | 0.212 (JPY:NTD) | (963) | 0.222 (JPY:NTD) | (1,567) |
| JPY | 9.007 (JPY:KRW) | (87) | 9.227 (JPY:KRW) | (22) |

34. 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 (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 2)
- 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 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)

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.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

35. SEGMENT INFORMATION

a. Segment financial information

The Group determines operating segments based on management reports presented to management (the chief operation decision maker) for the purpose of decision making, assessment of performance and resource allocation. The Group only has a single operating segment, which engages in third-party payment business.

b. Revenue from major products and services

Refer to Note 20.

c. Geographical information

The principal geographical areas of the group are Taiwan and Korea.

Revenue from external customers by geographical location of operations of the Group and non-current assets by geographical location of the assets are presented as follows:

| | Revenue from External | | Non-current Assets | |
|--------|---------------------------------------|---------------------|---------------------------|-------------------|
| | Customers | | December 31 | |
| | For the Year Ended December 31 | | December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Taiwan | \$ 6,152,509 | \$ 4,746,452 | \$ 352,275 | \$ 264,813 |
| Korea | <u>143,491</u> | <u>181,786</u> | <u>169,623</u> | <u>220,561</u> |
| | <u>\$ 6,296,000</u> | <u>\$ 4,928,238</u> | <u>\$ 521,898</u> | <u>\$ 485,374</u> |

Note: Non-current assets exclude financial instruments and deferred tax assets.

d. Information on major customers

No other single customers contributed 10% or more to the Group's revenue for both 2024 and 2023.

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

(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, 2024 | | | | Note |
|---------------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| LINE Pay Plus Corporation | <u>Stocks</u> BravoBeaver Daegu Corp. | Non-related parties | Financial assets at FVTPL - non-current | 900 | \$ 201 | 1 | \$ 201 | 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, 2024.

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

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

**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, 2024**

(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 discounted 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 AND SUBSIDIARIES

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, 2024
(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 Union Bank of Taiwan Co., Ltd. LINE Pay Plus Corporation | Intermediate parent company The Company's shareholder Subsidiary | Service fee revenue | \$ (257,763) | (4) | Note 1 | Note 1 | Note 1 | \$ - | - | - |
| | | | Service fee costs | 253,257 | 6 | Note 1 | Note 1 | Note 1 | - | - | - |
| | | | System management service costs | 468,220 | 11 | 30 days of an invoice issued | In accordance with the agreement | - | (29,070) | (44) | Note 4 |
| LINE Pay Plus Corporation | The Company LINE Pay Corporation | Parent company Fellow subsidiary | System management service revenue | (696,802) (Note 2) | (83) | 30 days of an invoice issued | In accordance with the agreement | - | 67,235 (Note 3) | 83 | Note 4 |
| | | | System management service revenue | (127,389) | (15) | 30 days of an invoice issued | In accordance with the agreement | - | 13,808 | 17 | - |

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

Note 2: Operating costs of \$468,220 thousand and research and development expenses of \$228,582 thousand were recognized by the Company.

Note 3: Trade payables to related parties of \$29,070 thousand and other payables to related parties of \$38,165 thousand were recognized by the Company.

Note 4: The transaction has been eliminated through consolidation.

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

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

DECEMBER 31, 2024

(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 1) | Allowance for Impairment Loss | |
|--------------|--|---------------------------|-------------------|---------------|---------|--------------|--|-------------------------------|------|
| | | | | | Amount | Action Taken | | | |
| The Company | Taipei Fubon Commercial Bank Co., Ltd. | The Company's shareholder | Other receivables | \$ 120,351 | - | \$ - | - | \$ 120,351 | \$ - |
| | | | Trade receivables | 5,596 | 7.68 | - | - | 5,596 | - |
| | Union Bank of Taiwan Co., Ltd. | The Company's shareholder | Other receivables | 124,592 | - | - | - | 124,592 | - |
| | | | Trade receivables | 2,401 | 11.55 | - | - | 2,401 | - |
| | LINE Taiwan Limited | Fellow subsidiary | Other receivables | 154,166 | - | - | - | 154,166 | - |
| | | | Trade receivables | 1,021 | 29.66 | - | - | 1,021 | - |

Note: The amount was already recovered on March 11, 2025.

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Investee Company | Counterparty | Relationship | Transaction Details | | | |
|-----|---------------------------|--------------|--------------------------------------|-----------------------------------|------------------------|---|---|
| | | | | Financial Statement Accounts | Amount (Note 5) | Payment Terms | % of Total Sales or Assets (Note 2) |
| 1 | LINE Pay Plus Corporation | The Company | The subsidiary to the parent company | System management service revenue | \$ 696,802 (Note 3) | Monthly settlements of an invoice issued, and the payment is based on actual hours worked | 11 |
| | | | | Trade receivables | 67,235 (Note 4) | | - |

Note 1: The Company and the subsidiaries listed on the table are coded according to the following rules:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: In calculating the ratio of transaction amounts to total consolidated revenue or total assets, if they pertain to balance sheet items, they are calculated as the year-end balance divided by the total consolidated assets. If they pertain to income statement items, they are calculated as the accumulated amount for the period divided by the total consolidated revenue.

Note 3: Operating costs of \$468,220 thousand and research and development expenses of \$228,582 thousand were recognized by the Company.

Note 4: Trade payables to related parties of \$29,070 thousand and other payables to related parties of \$38,165 thousand were recognized by the Company.

Note 5: The transaction has been eliminated through consolidation.

Note 6: The table above includes significant intercompany transactions with amounts exceeding \$10,000 thousand.

LINE PAY TAIWAN LIMITED AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|------------------|---------------------------|-------------|---|----------------------------|-------------------|-------------------------|--------|------------------------|-----------------------------------|------------------------|------------|
| | | | | December 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount | | | |
| The Company | LINE Pay Plus Corporation | South Korea | System platform development and maintenance | \$ 207,792 | \$ 207,792 | 200,000 (Note 1) | 100.00 | \$ 163,678 (Note 2) | \$ 50,889 | \$ 50,889 (Note 2) | Subsidiary |

Note 1: The highest ownership percentage indicated in the above table is equal to the ownership percentage as of December 31, 2024. In addition, such investments are not collateralized or secured.

Note 2: The transaction has been eliminated through consolidation.

TABLE 7**LINE PAY TAIWAN LIMITED****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

| Name of Major Shareholder | Shares | |
|--|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| LINE Financial Corporation | 39,506,726 | 58.09 |
| Taipei Fubon Commercial Bank Co., Ltd. | 11,708,963 | 17.21 |
| Union Bank of Taiwan Co., Ltd. | 5,857,410 | 8.61 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.