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CyberLink Corp.

2023

Annual Report

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1. Letter to Shareholders

To all stakeholders of CyberLink:

2023 can be said to be the first year of Gen-AI and also the first year of Gen-AI for CyberLink. From not having any Gen-AI features at the beginning of the year, CyberLink launched fifteen Gen-AI features that are widely popular among users in just one year. With more than 20 years of experience in multimedia software R&D and international marketing, CyberLink has continued to innovate in AI technology, optimize products, and strengthen its competitive advantages in the market. These not only boosted the revenue growth in 2023, but also laid the foundation for future continuous growth.

In 2023, the Company's overall revenue reached NT\$1.865 billion, with a growth rate of 10.3% compared to 2022. The two product lines, PC- Create (B2C) creative editing software and Mobile App, both delivered outstanding results. We were also affected by the reorganization of asknet Solutions AG (asknet), a major e-commerce payment service provider in September 2023. Although the Company immediately stopped collecting all cash flows through such company, this had a considerable impact on renewal revenue. Otherwise, the Company's annual revenue growth would have been even higher. This demonstrates that the Company's product lines and marketing channels are getting stronger and stronger, and we are fairly confident about our continued growth in the future.

Digital Media Business Group

In 2023, the revenue of the DM business group grew by 9.9% year-on-year, of which the two growth-oriented product lines (PC-Create and Mobile App) combined grew by 15.6%. On the other hand, the proportion of OEM-bound sales revenue continued to drop to 10%, and the overall revenue allocation achieved a healthier distribution ratio.

In terms of technology R&D, in addition to cultivating existing AI applications, we have also established a new generative AI (Gen-AI) development team to combine R&D, design, business, and product talent to launch 15 Gen-AI applications in the second half of 2023. Due to the rapidly increasing end-user demand for generative AI, these 15 Gen-AI applications have begun to slightly increase revenue and are rapidly growing from 2023.

In terms of products, we re-planned the product layout in 2023 with our experience in the multimedia R&D momentum accumulated over the years, as follows:

1. We will continue to develop the two flagship products of Super App - PowerDirector and PhotoDirector 365, both of which are the cash cows. Our product strategy is to give equal emphasis on UX (user experience), Gen-AI (generative AI) and Cool-AI (cool AI technology), and continue to improve the video/photo editing ability and user experience. A large number of AI technologies have been introduced to allow AI to assist users in film/photo editing to be more creative and efficient, and thereby produce more high-quality content.

2. Develop three new markets/user groups

- (1) Promeo (PC, iOS, Android) - Targeted at corporate users, the main focus is on “product beautification” and “massive professional marketing and promotion templates”, providing one-stop solutions to help corporate users easily produce product marketing copy. Different from our other products targeting at the consumer market, Promeo is an important step for CyberLink to enter the e-commerce market. In 2023, with the continuous improvement of products and the promotion of marketing, in addition to the significant increase in revenue from the self-owned sales platform and channels, we will also cooperate with North American PC brands in the fourth quarter of 2023 to jointly sell Promeo to their PC enterprise users.
- (2) New product Vivid Cut (iOS) - Newly launched in September 2023 targeting at the female beauty community, is a community/App market with huge opportunities. Although CyberLink is a latecomer in this market, we look forward to redefining the functions of beauty applications with AI, and gradually gain this market share.
- (3) New product Vivid AI (iOS/Android) - Newly launched in August 2023 is targeting the needs of Gen-AI multimedia creation. There is no doubt that there are huge business opportunities in Gen-AI which has opened up new user groups. In our product layout, in addition to introducing Gen-AI in a large number of products, we have also launched this Gen-AI-specific App. With strategy not contradicting other products, this App can accelerate our user acquisition in this new user group.

Although the above three new products have not been in the market for long, they have already achieved initial revenue on mobile devices. They will contribute about 5% of the revenue of Mobile App by the end of 2023 and will continue to grow.

3. Cross-device “web-based” editing tool - According to market research, the online editing market has huge business opportunities. We launched the free online web-based editing brand “My Edit” in 2022, and added the “paid subscription” model at the end of April 2023. The whole year of 2023, including the growth of users and revenue, was faster than expected. Therefore, we have invested more resources in the allocation of development manpower. In addition, the first half of 2024 will also see revenue generated from annual subscriber renewals, which is a new product line that we are quite optimistic about.

In the commercial aspect, we have made three developments:

1. We continued to strengthen the robustness of the paid subscription model of products:
 - (1) For subscribers, we enhanced the transparency of subscription/renewal in 2023 so that subscribers can clearly receive a renewal notice before the expiration date and decide whether to renew their subscription. This increase in transparency may have a slight impact on the renewal rate in the short term, but in the long run, it is the direction of improvement for CyberLink’s brand image.

- (2) For e-commerce payment service providers, we added two new service providers in 2023, and are expecting to add a third online service provider in the first quarter of 2024. This will help us achieve more robust operational efficiency and risk control.
2. Cultivation of joint marketing/sales with North American PC brand manufacturers: The cooperative relationship was upgraded again in 2023 to promote the joint sales of CyberLink's PC products, reaching the year-on-year growth of 19.3%. We continue to explore new markets.
3. Payment credit system - With the introduction of generative AI applications, the amount of corresponding cloud computing has begun to increase significantly. We have also begun to plan for a payment point system, which was officially launched at the end of 2023 to MyEdit for trial. The initial response was good and contributed to the growth of additional revenue. We are in the process of rolling out the paid point system to more CyberLink product lines for 2024.

In terms of partners :

In view of the vigorous development of generative AI, we will start the AIPC collaboration with Intel in the fourth quarter of 2023. CyberLink has been working closely with Intel for decades in the PC field. The collaboration with AIPC is aimed at implementing more multimedia applications such as Gen-AI/Cool-AI to PC (local end).

This partnership will be extended to at least 2024, and is the highlight of Intel's annual event. In addition, AIPC is an ecosystem partnership. In addition to working with Intel, we have also begun to partner up with PC brand manufacturers to promote AIPC. Through this partnership, we expect that CyberLink's AI application domain will span from cloud to local end, and provide more complete solutions to end customers.

In terms of market :

The U.S. and Japan continue to be our two major markets. In the Japanese retail market, PowerDirector for PC has been the top-selling movie editing software category for nine consecutive years, and further increased its market share to record highs in 2023. The growth of PhotoDirector 365 for PC doubled in 2023. In addition, in 2023, the PowerDirector for PC has also been awarded the highest five-star rating by PC Magazine for two consecutive years, and has been awarded the Editors' Choice for 14 consecutive years.

Computer Vision Business Group

In 2023, the annual revenue of the "Computer Vision Business Group" increased slightly by 3% compared with 2022. Although the proportion of revenue of the group to the overall revenue of the Company is small, the room for future growth is relatively large. As the main core product of the Computer Vision Business Group, although FaceMe facial recognition has a wide range of applications, it is currently facing higher challenges as it has not yet popularized globally, especially in the European and American markets. Therefore, we will actively adjust the market strategy in 2023, focusing on the development of Asian markets (Taiwan, Japan, South Korea, India and Southeast Asia).

In 2023, CyberLink will continue to strengthen technical cooperation with leading chip manufacturers, and continue to optimize the advantages of the FaceMe facial recognition engine in edge computing. Not only have we improved the accuracy and speed, the FaceMe SDK also supports the latest generation of edge computing devices, such as NVIDIA Jetson Orin, MediaTek’s Genio700, and Qualcomm’s SNPE computing, provide the industry with more hardware options. Meanwhile, in addition to supporting IP cameras, the Face Terminal Add-On of FaceMe Security has been launched. This feature provides system integrators with more flexible access control system planning options, as well as one-stop access control system according to different environmental scenarios of the owners. In addition to successfully introducing large-scale access control for office buildings in Taiwan, we have also strengthened international marketing and promotion and integrated with the upstream and downstream ecosystems. The results are gradually seen in Japan and Southeast Asia.

In 2023, CyberLink launched a new product, People Tracker, a humanoid tracking solution for smart security applications. Even if no human face is captured, the AI image analyzes the features of the human features such as age, gender, clothing, accessories, and backpack, achieving cross-camera tracking of a specific person. Through this software solution, the advanced AI technology of traditional image surveillance system can be introduced to speed up image access and search for specific people, and further improve the security efficiency in various venues such as financial institutions, shopping malls, airports, and stations.

In 2023, CyberLink’s FaceMe eKYC, a customer authentication application, has also begun to expand to overseas markets with actual introduction. For example, a large bank in South Korea has introduced FaceMe to implement two-factor authentication for employees to log in to the internal system of the company, and to strengthen corporate information security. In Southeast Asia, some customers have also begun to introduce customer identity verification solutions to enhance the verification security of remote users, improve user experience, and speed up the approval process.

ESG Corporate Responsibility and Sustainable Operation

CyberLink is committed to fulfilling its corporate social responsibility, and has been implementing ESG concepts to create sustainable corporate value in the aspects of corporate governance, employee well-being, social feedback, and sustainable environmental protection.

CyberLink is in a software industry that is considered a green industry. The development process of CyberLink does not create disposable waste. In recent years, we have focused on reducing energy and resource consumption. We continue to promote the use of green electricity and with ten years being a period starting from 2021, the proportion of green electricity consumption will increase by 10% each year, reaching 30% by 2024. We expect that green electricity will fully replace conventional electricity by 2030. At the same time, CyberLink initiated GHG inventory in 2023 in advance to fully understand the Company’s own carbon footprint. This helps the Company better respond to the challenge of climate change and formulate an effective sustainable development strategy. We continue to promote daily energy-saving and carbon-reduction activities, and reduce paper consumption by digitizing all documents. We also continue to use power-saving lighting equipment to achieve the effect of energy-saving

and carbon-reduction. In December 2023, CyberLink was awarded the “2023 Green Label Award - Carbon Management Category” by SGS, which once again highlighted the Company’s outstanding performance in green development.

In order to implement corporate governance, we initiated a succession plan for managers was initiated in 2023. “Joint general managers” are served by Mei Guu and Vincent Lin, ensuring balance between men and women. Over the years, we have also continued to recruit new people to create job opportunities, ensure the diversity of employment, fairness in remuneration and promotion opportunities, while striving to improve employees’ remuneration and well-being. Amongst the listed companies in the services industry announced in 2023, the average salary of our employees ranked first, with a year-on-year growth of 6.83%.

At the same time, we have worked with the “CyberLink Education Foundation” to participate in various public welfare activities for a long period of time. We narrow the gap between urban and rural areas through education promotion, school-use linking, and social care, etc. Meanwhile, we organize public welfare activities each year, such as blood drives, which we encourage our employees to get involved in to actively fulfill our corporate social responsibility.

We are fully aware that sustainable development is not only about environmental protection, but also a responsibility to society, employees and shareholders. Through our proactive participation in social responsibility, energy conservation and carbon reduction, and the promotion of green innovation, we are committed to building a more sustainable business model with social value.

2023 business report:

1. Operating results

In 2023, the global consolidated operating revenue was about NT\$ 1.865 billion, the annual operating profit was about NT\$ 150 million, and the consolidated operating revenue increased by 10.3% compared to the previous year; the annual revenue of the domestic parent company was about NT\$ 1.557 billion, a 10.6% increase from the previous year. The full-year after-tax net profit in 2023 was NT\$ 222 million, a 20.9% increase from the previous year, demonstrating good operating performance.

2. Revenue, expense, and profitability analysis:

(1) Consolidated financial information (global):

Unit: NTD thousands; %

Item		2023	2022	Variation %	
Profit and loss	Net revenue	1,865,022	1,691,200	10.3%	
	Gross profit	1,595,606	1,462,323	9.1%	
	Operating expenses	1,445,491	1,265,079	14.3%	
	Net income	222,036	183,625	20.9%	
Profitability	Return on assets (%)	3.85	3.75	2.7%	
	Return on equity (%)	4.88	4.99	-2.2%	
	As a percentage of paid-up capital (%)	Operating income	19.02	24.99	-23.9%
		Profit before tax	38.75	27.99	38.4%
	Net profit margin (%)	11.91	10.86	9.7%	
	Earnings per share (EPS) (in dollars)	2.81	2.34	20.1%	

(2) Domestic revenues of parent company:

Unit: NTD thousands; %

Item		2023	2022	Variation %	
Profit and loss	Net revenue	1,556,729	1,407,331	10.6%	
	Gross profit	1,341,876	1,243,521	7.9%	
	Operating expenses	1,176,355	1,011,878	16.3%	
	Net income	222,036	183,625	20.9%	
Profitability	Return on assets (%)	3.96	3.90	1.5%	
	Return on equity (%)	4.88	4.99	-2.2%	
	As a percentage of paid-up capital (%)	Operating income	20.97	29.34	-28.5%
		Profit before tax	39.17	28.16	39.1%
	Net profit margin (%)	14.26	13.05	9.3%	
	Earnings per share (EPS) (in dollars)	2.81	2.34	20.1%	

3. Research and development:

- (1) In 2023, we completed a number of new product development and version upgrades, and released special audio and video special effect packages exclusive to product subscription services. These included “Director Suite”, “PowerDVD” and “Promeo” for desktop and “PhotoDirector” and “Promeo” for mobile.
- (2) We announced new products “Vivid AI” and “Vivid Cut,” which provide user-generated AI functions on mobile phones, including AI Headshot, AI Product Background, AI scene and other functions, allowing users to create professional image photos, product demonstration photos and scene replacement photos.
- (3) We announced a new online photo and audio editing platform, “My Edit”, providing generative AI functions. This is an online editing platform that uses entirely cloud computing power and installation of software by user is not required. Representative functions of MyEdit include Text-to- Image, Text-to-Sound Fx, AI Avatar, and AI Outfit.
- (4) We continued to refine the algorithm of “FaceMe facial recognition technology”, launch the smart security control software “FaceMe SECURITY” and the face recognition platform “FaceMe Platform” with major upgrades, providing corporate customers with a solution to quickly build face recognition.

Summary of 2024 Business Plan:

2024 Outlook of Digital Media Business Group

Looking forward to 2024, the Company will continue to focus on the two growth engines of PC- Create and Mobile App. In terms of products, the Company will focus on the two flagship brands, PowerDirector 365 and PhotoDirector, and develop business, generative AI creative design, and beauty markets through three new products .

In terms of technology development, it is expected that there will be more diversified AI applications in the entire industry. We will accelerate the introduction of new key AI applications and expand the recruitment of key technical talent. At the same time, we will accelerate the joint development and marketing with partners in multiple ecosystems, in order to complete the deployment of cloud and land technology applications.

We hope to continue to invest in the development of the most advanced technologies, cultivate existing markets and enter new application areas based on our existing advantages. By increasing CyberLink’s global competitive advantages, we aim to create maximum benefits for our shareholders and all colleagues.

2024 Outlook of Computer Vision Business Group

Looking forward to 2024, we expect that face recognition will continue to be

developed and applied in different industries. Despite the fierce market competition, we will continue to maintain our leading position in technology and work closely with system integrators. We will actively face the challenges and adjust our strategies in a timely manner to expand overseas markets. We hope to provide the best solutions for security, access control, and eKYC applications, and become a long-term trusted partner of customers and system integrators.

Lastly, we wish all our shareholders
a prosperous future ahead

Chairman: Jau Huang

GM: Mei Guu

GM: Vincent Lin

2. Company Profile

2.1 Date of incorporation

The Company was established on August 8, 1990 under the name Jing Hua Consultancy Co., Ltd. with an initial share capital of NT\$1 million. In February 1996, the Company underwent a re-organization and was renamed CyberLink Corp.

2.2 Company history

The Company is one of the world's top software companies in multimedia audio and video, digital creative editing software, and facial recognition systems. We adopt the business strategy of "identifying critical technologies for global application", and implements plans from Taiwan to the rest of the world, for which it has been rewarded with favorable results.

<u>Year</u>	<u>Major events/product development history</u>
August 1990	Company was founded with an initial capital of NT\$1 million.
February 1996	Company was renamed "CyberLink Corp."
April 1996	Completed a cash issue that increased share capital to NT\$5 million.
October 1996	Relocated to 9F., No. 381, Section 2, Fuxing South Road, Taipei City for business expansion.
December 1996	1. Launched the first software package - "VCD PowerPlayer." 2. Completed a cash issue that increased share capital to NT\$10 million.
July 1997	Signed an agency agreement with Sumitomo Metal System Development Co., Ltd. and marketed the Japanese version of CDWizard's "MightyPEG" to the software retail market in Japan later in August. The product was able to produce favorable sales.
October 1997	Launched new media player software - "PowerDVD."
June 1998	Established a subsidiary in Japan
August 1998	1. Relocated to No. 100, Minquan Road, Xindian District, New Taipei City for business expansion. 2. Released new product - "PowerVCR."
September 1998	Completed a cash issue that increased paid-up capital to NT\$70 million.
January 1999	Established subsidiary in Silicon Valley, USA, where the world's top tech companies gather.
May 1999	Capitalized NT\$14 million of earnings and NT\$35 million of capital surplus that increased paid-up capital to NT\$119 million.
June 1996	Shares of the Company were publicly offered
August 2000	Capitalized NT\$59.5 million of earnings, NT\$14.637 million of capital surplus, and NT\$6.863 million of employee profit-sharing that increased paid-up capital to NT\$200 million. Employee size expanded to 100.
October 2000	Listed on TPEx on October 11, 2000.

Year	Major events/product development history
January 2001	1. Completed a cash issue that increased paid-up capital to NT\$256.85 million. 2. Established a Germany Branch for access to the European market.
July 2001	After issuing stock dividends against capitalized earnings, paid-up capital increased from NT\$226.85 million to NT\$353.3 million.
August 2002	Capitalized NT\$88.325 million of earnings, NT\$35.33 million of capital surplus, and NT\$10.145 million of employee profit-sharing that increased paid-up capital to NT\$487.1 million.
November 2003	Launched CyberLink's "PowerCinema".
September 2004	Shares of the Company were listed for trading on TWSE, while the stock code remained 5203.
March 2005	Became the world's first company to receive certification for DVD-VR PC Recording Logo.
March 2006	CyberLink SoftDMA and CyberLink Media Server received certification for DLNA.
May 2006	Launched Power2Go 5.5, the first all-in-one disc-writing software that supports both Blu-ray and HD DVD formats.
July 2006	CyberLink's patent became an essential patent of the Blu-ray Disc specification.
September 2007	"PowerProducer" received BD-RE 3.0 certification for authoring and burning rewritable Blu-ray discs.
November 2007	Named Asia 200 Best Under a Billion by Forbes Asia, a world-renowned commercial media.
July 2008	"PowerDVD" was awarded DTS-HD Master Audio certification.
July 2008	"PowerDVD" passed certifications for BD-Live and AVCREC.
April 2010	"PowerDVD" was the world's first software to be certified by Blu-ray Disc Association for 3D Blu-ray playback.
April 2011	"Media Server" and "SoftDMA" were certified as DLNA Protected Streaming TestBed Devices.
December 2013	YouCam 6 was introduced as a powerful video conferencing and camera application.
March 2014	Introduced "CyberLink Certified Professional" (CCP), Taiwan's first global certification for software professionals that covers everything from teaching materials, and course content to professional capacity to help businesses train talents.
May 2014	Acquired U.S. business ImageChef for total enhancement of cloud service and to provide a global solution for mobile App-based content creation.
June 2014	Launched a new "U Messenger App" that promised a new video conferencing experience.

Year	Major events/product development history
April 2015	Officially entered the mobile networking field, spin-off “Perfect Corp.” to develop innovative mobile beauty App and cloud-based beauty social platform.
August 2016	Cross-border Combination of Technology and Beauty! CyberLink launched the MakeupDirector, a digital make-up software.
January 2017	Released the world’s first Ultra HD Blu-ray playback software for PC.
April 2017	CyberLink’s new playback software - “PowerDVD 17” incorporated next-generation media technologies including 4K Blu-ray, HDR, and VR.
June 2017	Launched “PowerStarter 15,” a multimedia software bundle.
August 2017	Launched “PerfectCam,” the world’s first digital cosmetic tool for video conferencing, that instantly allows users to look presentable for online meetings.
August 2017	Introduced “U Webinar” service for commercial applications such as online presentation and remote teaching.
August 2017	Introduced next-generation business communication software - “U” that supports multi-party conferencing, live presentation, and instant messaging all in one.
September 2017	Released “PhotoDirector 9” with support for 360° photo editing.
September 2017	Released “PowerDirector 16,” the world’s No. 1 editing software for VR 360° video, which incited a wave of homemade VR content.
October 2017	Launched “ActionDirector 3,” an entry-level video editing software that is essential for users of 360° cameras and action cameras.
October 2017	Launched “Power Media Player MR” to support Windows mixed reality (MR) headset.
December 2017	“ActionDirector Mobile” was named Best of 2017 on Google Play.
December 2017	The Company ventured into the field of professional plug-ins for the first time and launched the “CyberLink VR Stabilizer plug-in” that supports Adobe® editing software.
January 2018	“PowerDirector Mobile” and “ActionDirector Mobile” were named Editor’s Choice App on Google Play.
April 2018	The Company ventured into e-sports for the first time and launched a live streaming and game recording software called “Screen Recorder 3.”
April 2018	Launched the world’s first artificial intelligence tool for video special effects “AI Style Transfer Effects”.
May 2018	CyberLink launched next-generation all-in-one disc-writing software - “Power2Go 12.”
June 2018	Launched “PowerStarter 16,” a multimedia software bundle.

Year	Major events/product development history
July 2018	“U Webinar” underwent a major upgrade to support macOS for the first time.
September 2018	Introduced “FaceMe” and SDK as a solution to AI-assisted facial recognition.
September 2018	Launched new “Director Suite 365” with a cloud-based subscription service for flexibility and access to value-adding content, making it the top choice for professional content creators.
September 2018	Launched next-generation “PowerDirector 17” to help speed up video editing for YouTubers and vloggers.
September 2018	Launched next-generation “PhotoDirector 10” with enhanced layer editing functions and the proprietary AI art tool to support creativity.
October 2018	Launched next-generation “YouCam 8,” a total video solution that aims to deliver new live streaming and video conferencing experience.
October 2018	FaceMe [®] participated in the MegaFace Challenge and claimed its place as the number one AI facial recognition engine in Taiwan.
October 2018	CyberLink, Perfect Corp., and National Chiao Tung University jointly organized the AI Meets Beauty Challenge, using AI object recognition technology to create the O2O retail experience of the future.
November 2018	Introduced “AI Style Transfer Plug-in” specifically for Adobe, which brings never-before-seen visual effects to professional video workers.
November 2018	Launched a new version of “Screen Recorder 4” that supports simultaneous streaming across multiple platforms for a more comprehensive live streaming experience.
November 2018	“PowerDirector 17” won The Golden Award during the “2020 Innovative Products Award” for its exceptional innovation and design concept.
December 2018	CyberLink won the Best Performance Award, the most prestigious award for business management, during the 25th National Quality Award for having demonstrated outstanding creativity and performance.
January 2019	“U Messenger” and “U Meeting” were adopted by the Ministry of Science and Technology, Executive Yuan, to deliver secure, reliable, and mobile instant messaging and video conference services for government agencies.
January 2019	Launched video conferencing tool - “PerfectCam 2” that uses AI technology to create blurry backgrounds for enhanced security and privacy during a video conference.

Year	Major events/product development history
January 2019	PowerDirector 17 was adopted by New Taipei City Education Department for the creation of multimedia teaching materials and digital content.
April 2019	CyberLink's FaceMe® received a favorable rating from NIST, and was the first Taiwan-made AI facial recognition engine to rank among the world's Top 20.
June 2019	CyberLink launched next-generation disc-writing software - "Power2Go 13" that handles file transfer, disc writing, and backup all-in-one.
August 2019	CyberLink introduced an integrated solution that combines FaceMe®, U Alerts, and automatic license plate recognition to help system integrators create smart security, smart retail, and smart carpark applications.
September 2019	CyberLink launched next-generation "Director Suite 365," "PowerDirector 18," and "PhotoDirector 11" to provide the ultimate multimedia editing solution.
October 2019	CyberLink and Perfect Corp. jointly organized the "AI Meets Beauty Challenge" to promote the use of AI object recognition technology in new retail.
November 2019	CyberLink launched "YouCam 9," a new Windows-based video conference software.
November 2019	The FaceMe® engine was favorably received around the world, and CyberLink cooperated with business partners in Japan to grow the local market.
November 2019	CyberLink's FaceMe® engine was adopted by The Syscom Group to power the facial recognition feature of its 4th generation smart service robot - Ayuda, for applications such as shopping malls and policy services.
November 2019	CyberLink's FaceMe® won the "Silver Award" of the 28th Taiwan Excellence Awards. FaceMe® provides hardware integrators with excellent results for rapid integration of AI products into applications.
December 2019	CyberLink's FaceMe® was used by Advantech in its global AIoT solutions.
February 2020	CyberLink made "U Meeting" free to download for people working from home, in light of the increasing demand for remote working and quarantine solutions.
February 2020	Cheering for frontline workers! CyberLink launched a "U Campus Disease Control Campaign" and allowed colleges to make use of its remote teaching and video conferencing systems free of charge.

Year	Major events/product development history
February 2020	Cheering for frontline workers! CyberLink donated “U Webinar” and “U Meeting” to National Taiwan University to support remote teaching and video conference, and ensure that learning was uninterrupted.
March 2020	CyberLink’s FaceMe® engine was adopted by Banqiao Land Office, New Taipei City Government, on a trial basis to power the government’s “Face Identification” system.
March 2020	CyberLink’s “U Meeting” was adopted by Industrial Development Bureau, Ministry of Economic Affairs, to create a video conference platform for remote working arrangements during the pandemic.
April 2020	CyberLink’s FaceMe® engine was adopted by the National Police Agency to create a well-rounded smart public security system.
April 2020	Launched PowerDVD 20 to deliver multimedia entertainment experience across a wide range of mobile devices.
April 2020	CyberLink’s FaceMe® engine was adopted by NEC Personal Computers Ltd. (Japan) to create All-in-One personal computers with a facial recognition feature.
June 2020	CyberLink introduced a masked face detection feature to FaceMe® in light of increasing demand for non-contact biometric identification during the pandemic.
July 2020	CyberLink’s FaceMe® engine was adopted by Bitkey (Japan) to develop non-contact face detection security access for the “Bitkey Platform.”
August 2020	CyberLink’s FaceMe® engine was adopted by NTT DATA (Japan) to create a cashierless retail concept store for Tokyu Hands in Shibuya, Tokyo.
August 2020	CyberLink announced FaceMe® Health, a non-contact smart health measurement solution, for the post-pandemic era.
September 2020	CyberLink launched two new products: PowerDirector 365 Business and AdDirector (later renamed Promeo) App which enterprise users may use to quickly create attractive advertisements and social media clips.
September 2020	CyberLink introduced a new generation of “PowerDirector,” “PhotoDirector,” and “Director Suite 365” with new special effects and upgraded functions to enhance the multimedia creation experience.
October 2020	CyberLink joined Mediatek’s AIoT ecosystem and configured FaceMe® to support Mediatek’s i350 AI platform, which helped developers create AIoT terminals with facial recognition.
November 2020	CyberLink was recognized by the “Taiwan Excellence Award,” in which the “PowerDirector App” received the “Taiwan Excellence Silver Award.”

<u>Year</u>	<u>Major events/product development history</u>
December 2020	CyberLink released “PowerDirector 365 for macOS.”
December 2020	CyberLink released FaceMe® eKYC & Fintech, a financial solution that can be used to create secure, responsive, reliable, and smooth eKYC applications.
February 2021	CyberLink’s FaceMe® was adopted by Network Optix to create smart security solutions featuring facial recognition.
March 2021	CyberLink introduced FaceMe® Security, a smart security solution that supports many mainstream VMS, to help integrate facial recognition into applications such as access control, attendance record, mask detection, and temperature measurement.
September 2021	As remote insurance application becomes popular, CyberLink introduced FaceMe® Fintech to help insurance companies incorporate facial recognition into remote insurance application over video conference.
November 2021	The liveness check technology used in FaceMe® engine passed certification for iBeta PAD.
December 2021	FaceMe® Security won the 30th Taiwan Excellence Award for creating a contactless corporate access control punching card system for enterprises.
March 2022	FaceMe® delivered a perfect anti-counterfeiting performance that passed iBeta’s Level 2 liveness check
April 2022	FaceMe® Security received a total upgrade and was integrated into AXIS Camera Station to create an all-in-one smart security solution
April 2022	CyberLink joined the FIDO Alliance as a commitment to making FaceMe® a more secure and easier way of identity authentication
June 2022	CyberLink’s FaceMe® was adopted by Good Finance as a financial technology to simplify the eKYC process for more secure, convenient, and uninterrupted service
June 2022	CyberLink collaborated with Japanese system integrator - ITOCHU to develop a “Vehicle Examination Information System” featuring FaceMe®, which was adopted by Toyota for vehicle quality management
July 2022	CyberLink launched My Edit, the first free online editing tool. My Edit is equipped with several easy-to-use audio editing gadgets to help users edit audio files with one click.
September 2022	CyberLink launched new versions of “PowerDirector,” “PhotoDirector,” and “Director Suite 365” featuring upgraded AI image editing technology, and released more than 20,000 video samples
November 2022	A photo editing feature has been added to My Edit, a free online editing tool. My Edit is equipped with several photo

Year	Major events/product development history
	editing gadgets, with AI photo background removal, AI object removal, photo cartoonization and other features being gradually added to it. Users can easily complete creative and professional photo editing without downloading software.
November 2022	Perfect Corp., a mobile phone company invested by CyberLink Officially listed on the New York Stock Exchange (NYSE)
November 2022	CyberLink FaceMe® Platform won the 31st Taiwan Excellence Award; its technical strengths were widely recognized.
December 2022	FaceMe® passed UAF Level 1 certification of FIDO Alliance
February 2023	FaceMe® was incorporated into MediaTek’s Genio 700, a new generation of IoT platform, to help optimize AI performance.
April 2023	The Company launched 16 models of AI avatars with unique styles using the latest Generative AI technology. Its flagship product, the PhotoDirector mobile App, launched AI male and female avatars.
April 2023	The online editing tool MyEdit officially launched paid features, with a variety of audio and photo AI and generative AI features continuously being added, dedicated to creating a powerful and easy-to-use one-stop AI online editing tool.
May 2023	Introduced the new Generative AI feature, such as the exclusive AI hair color changer, bridal avatar, and the market’s first AI sticker maker.
June 2023	Launched the new and revised Promeo PC version. Through powerful tools such as a large number of templates designed specifically for social media, free materials, color correction filters, and AI intelligent anti-backlash, the Company can create three-step social videos and posts that stand out.
August 2023	Launched the new version FaceMe® Platform 5.4, which provides a complete eKYC identity verification solution API.
August 2023	Launched the first generative AI-based App - Vivid AI to help users solve various problems through AI. Users can enter their own prompts and use AI to generate their favorite photos with one click. This way, users are no longer limited by materials designed by the developer and can become their own photo designers.
September 2023	FaceMe® was officially certified by the Korea Internet and Security Agency (KISA).
September 2023	Launched the new “Director Suite 365” family 2024 version. The full product line includes “PowerDirector 365”, “PhotoDirector”, “AudioDirector” and “ColorDirector”. The AI video and video editing technology has been upgraded to

Year	Major events/product development history
	include an AI drawing generator that provides a new tool for text-to-image model.
September 2023	Launched the Vivid Cut, which features contouring and selfie filters and officially entered the beauty camera market.
October 2023	FaceMe [®] ranked first in the world in the NIST liveness detection test.
November 2023	Became one of the first ISVs to join forces with Intel’s AI PC Acceleration Program, and presented the latest Generative AI automation technology at the Intel Technology Forum to showcase amazing AI tools for graphic creativity and video creation.
December 2023	The Company implemented the corporate governance succession plan, and established “Joint GMs”, served by Mei Guu and Vincent Lin.

2.3. Company Award Winning Record

Winning year/month	Awards
August 2003	Won the “Ministry of Economic Affairs Outstanding Performance Award for Industrial Technology Development”
September 2006	Outstanding Innovative Business Award in the “14th Industrial Technology Awards” by the Ministry of Economic Affairs
October 2006	Named Best Under a Billion by Forbes Asia, a world-renowned commercial media
November 2006	Named “2006 Top-100 Growing Companies in Asia” by Business Week (USA)
August 2007	Won 2007 “Best Employer Award” by Cheers
September 2007	Won “3rd Talent and Innovation Awards - Group Award” by Council of Labor Affairs, Executive Yuan
November 2007	Named Asia 200 Best Under a Billion by Forbes Asia, a world-renowned commercial media
October 2009	Won the “2009 Talent and Innovation Awards” by Council of Labor Affairs, Executive Yuan
October 2009	Won the top-20 brands during 2009 “Taiwan International Brand Value Survey” of Ministry of Economic Affairs of Taiwan
December 2009	Won the “Best Digital Learning Innovative Technology Development Award” by Industrial Development Administration, Ministry of Economic Affairs
September 2010	Won in the top-20 brands during 2010 “Taiwan International Brand Value Survey” of Ministry of Economic Affairs of Taiwan
September 2011	Won the 2011 top-20 brands in “Taiwan International Brand Value Survey” of Ministry of Economic Affairs of Taiwan
February 2012	Won the “New Taipei City Enterprise Excellence Award “ by the Economic Development Bureau, New Taipei City Government
September 2012	Won the top-20 brands in 2012 “Taiwan International Brand Value Survey” of Ministry of Economic Affairs of Taiwan
October 2012	Won the “2nd National Industrial Innovation Award” of the Ministry of Economic Affairs of Taiwan
November 2013	Won the “Happy Company Award” from the Department of Labor, Taipei City Government
December 2013	Won the top-20 brands in 2013 “Taiwan International Brand Value Survey” of Ministry of Economic Affairs of Taiwan
February 2014	Won 2nd “Taiwan Mittlestand Award” by the Ministry of Economic Affairs
May 2014	Won 1st “Work-Life Balance Award - Healthy Lifestyle Medal.”
December 2014	Won the top-20 brands in 2014 “Taiwan International Brand Value Survey” of Ministry of Economic Affairs of Taiwan
December 2018	Won the “25th National Quality Award” of Executive Yuan - Business Excellence Award
November 2020	Won the “Taiwan Excellence Award” of Ministry of Economic Affairs of Taiwan
December 2023	Won the “ 2023 SGS Green Label Award - Carbon Management Category “ of SGS.

2.4. Product Award Winning Record

Winning year/month	Product	Award (incentive) won
February 2000	Medi@Show	Won CeBIT “Best of Taiwan’s Best” by EuroTrade (Germany)
May 2000	PowerDVD	Won Computer Easy “Editor’s Choice” (Germany)
May 2000	PowerDVD	Won Komputex Swiat “Editor’s Choice” (Poland)
May 2000	PowerVCR II	Won Best of Computex (Best Multimedia)
June 2000	PowerDVD	Won PC Plus “Best Software Decoder” (UK)
June 2000	PowerDVD	Won PC Magazin “Editor’s Choice” (Germany)
June 2000	PowerDVD	Won CHIP “Editor’s Choice” (Germany)
November 2000	TalkingShow	Won Comdex “Best of Taiwan’s Best” (USA)
November 2000	PowerDVD	Won SVM “Editor’s Choice” (France)
December 2000	PowerDVD	Won PC Achat “Editor’s Choice” (France)
December 2000	PowerDVD	Won DOS-V “Editor’s Choice” (Japan)
March 2001	PowerDVD	Won PC Fun “Editor’s Choice” (France)
March 2001	PowerDVD	Won Computer Bild “Editor’s Choice” (Germany)
April 2001	PowerDVD	Won Info.PC “Editor’s Choice” (France)
April 2001	PowerDVD	Won CHIP “Editor’s Choice” (Germany)
April 2001	PowerDVD	Won PC Achat “Editor’s Choice” (France)
April 2001	PowerVCR	Won Info PC magazine five-star (highest) rating (France)
May 2001	PowerDVD	Editor’s Choice by Computer Easy, a professional IT magazine in Germany
May 2001	PowerDVD	Editor’s Choice by PC Actual, a professional IT magazine in Spain
June 2001	PowerDVD 3.0	Won PC Praxis “Editor’s Choice” (France)
June 2001	PowerDVD	Won “Editor’s Choice” by PC Praxis, a professional IT magazine in Germany
June 2001	PowerDirector	“Best of Computex 2001” in the multimedia category
June 2001	PowerVCR II3.0 StreamAuthor TalkingShow	Won Honorable Mention during the 7th Academic Accomplishment Award
October 2001	PowerDVD 3.0	Won PC Achat “Editor’s Choice” (France)
January 2002	PowerDirector2.0 Pro	Eurotrade “Best of Taiwan’s Best”
January 2002	PowerDVD XP 4.	Won Hungary CHIP - “Best of 2001”
February 2002	CyberLink Corp	Won BCN “Best Vendor Award” (Japan)
February 2002	PowerDVD XP 4.0	Won Computer Easy “Editor’s Choice” (Germany)
February 2002	PowerDVD 3.0	Won PC Professionell “Editor’s Choice” (Germany)
March 2002	PowerDVD XP 4.0	Won Poland Computer CHIP “Editor’s Choice”
March 2002	PowerDVD XP 4.0	Won CHIP “Editor’s Choice” (Germany)
March 2002	PowerDVD XP 4.0	Won PC Praxis “Editor’s Choice” (Germany)
March 2002	PowerDVD XP 4.0	Won Computer Bild “Editor’s Choice” (Germany)

Winning year/month	Product	Award (incentive) won
April 2002	PowerDVD XP 4.0	Won PC Welt “Editor’s Choice” (Germany)
November 2002	StreamAuthor	Won the “2002 Taiwan Creative Software Award”
December 2002	PowerDirector	Won the “8th Academic Accomplishment Award”
January 2003	PowerDirector StreamAuthor	Won the 2003 “Taiwan Excellence Award”
January 2003	PowerCinema	Won “Best of Comdex 2002”
September 2003	PowerProducer 2	Won Eurotrade “Best of Taiwan’s Best”
September 2003	StreamAuthor	Won the “9th Academic Accomplishment Award”
October 2003	PowerDVD 5	Won the 2003 Taiwan Creative Software Award organized by Industrial Development Bureau, Ministry of Economic Affairs
October 2003	PowerDVD PowerDirector PowerProducer	Won the “2003 Most Recommended OEM Software Award” in China
January 2004	PowerDVD	Won 2004 “Taiwan Excellence Award”
January 2004	PowerDirector PowerDVD PowerProducer StreamAuthor	Won 2004 “Taiwan Excellence Award”
January 2004	PowerDVD 5	Won the “2003 Audio and Video Product of the Year” by PC Magazine
February 2004	DVD PowerProduce 2	Won World’s first software company to pass tests of DVD Forum
March 2004	Power2Go 3	Won “Eurotrade Awards”
March 2004	DVD PowerProduce 2	Won the “Best and Most Innovative Software Solution” by Eurotrade, a professional IT magazine in Europe
June 2004	PowerDirector	Won “Best Choice of Computex 2004”
June 2004	PowerCinema	Won “Buyer’s Choice of Computex 2004”
August 2004	PowerDVD	Won PC Magazine “Best Product for 2003”
November 2004	威力劇院 Power Cinama	Won Innovations Award in 2005 CES, the largest consumer electronics show in the U.S.
December 2004	DVD PowerProduce 3	Won 2004 IT Month - “Outstanding Application Award”
December 2004	PowerCinema	Won CES - “Innovations Award” (USA)
January 2005	PowerDVD PowerDirector PowerCinema DVD PowerProduce 3	Won 2005 “Taiwan Excellence Award”
January 2005	PowerCinema 4	Won 2005 International CES Innovations Award Honoree
November	PowerCinema 4	Won 2005 IT Month - “Outstanding IT Application

Winning year/month	Product	Award (incentive) won
2005		and Product Award”
January 2006	PowerDirector 5	Won “Gold Award” by Top 10 Reviewer (USA)
May 2006	PowerDVD 7	Won “Best Software Award” by Retail Vision
May 2006	PowerDVD 7	Won “Gold Award” by Top 10 Reviewer (USA)
June 2006	PowerDVD 7	Won 2006 COMPUTEX Best Software Award by PC Professionell (Germany)
November 2006	MagicSports 3 PowerDVD 7	Won “CES 2007 Innovation Award Honoree Title” (USA)
December 2006	PowerDirector 5	Won 2006 IT Month - “Outstanding IT Application and Product Award”
May 2007	PowerDirector 6	Won “Editor’s Choice” in the May 2007 issue of DVD Info
November 2007	PowerDVD Ultra	Won 2007 IT Month - “Outstanding IT Application and Product Award”
November 2007	CyberLink Live	Won CES Innovation 2008 Design & Engineering Award (USA)
January 2008	MediaServer SoftDMA	Won the DLNA 1.5 certification and accepted as Reference Device
January 2008	PowerDVD Ultra	Certified by Blu-ray Disc Association for BD-Video Profile 1.1 playback
March 2008	PowerDVD PowerDirector 6	Won 2007 “Innovative Software Award”
March 2008	PowerDVD 6	Certified for DTS-HD Master Audio
March 2008	PowerDVD Ultra	Passed certifications for BD-Live and AVCREC
June 2008	PowerDirector 7	Won the 4.5-star “editor’s choice” award from PC Magazine, the world’s largest computer magazine!
June 2008	PowerDirector 7	Won the “Editor’s Choice” award from PC Utilities Magazine.
June 2008	PowerDVD8 Ultra	Won No. 1 performance among all DVD playback software and won Test Winnier Award by CHIP magazine (Germany)
July 2008	PowerDirector 7	Won the “Editor’s Choice” award from LAPTOP.
August 2008	PowerProducer	Received AVCREC certification
August 2008	PowerDirector 7 PowerDVD 8	Won the PC User “Editor’s Choice” (Australia)
September 2008	PowerDirector 7	Won PC Magazin “Editor’s Choice” (Singapore)
September 2008	PowerDirector 7	Won PC Pro “Editor’s Choice” (UK)
October 2008	PowerDirector 7	Won “2008 Best Recommended for Functionality” in the October 2008 issue of PChome
October 2008	PowerDirector 7	Won the PC Authority “Editor’s Choice” (Australia)
November 2008	PowerStarter 7	Won the “ Editor’s Choice “ award from PC Advisor, UK.
November 2008	Medi@Show4	Won the PC Answers “Editor’s Choice” (UK)

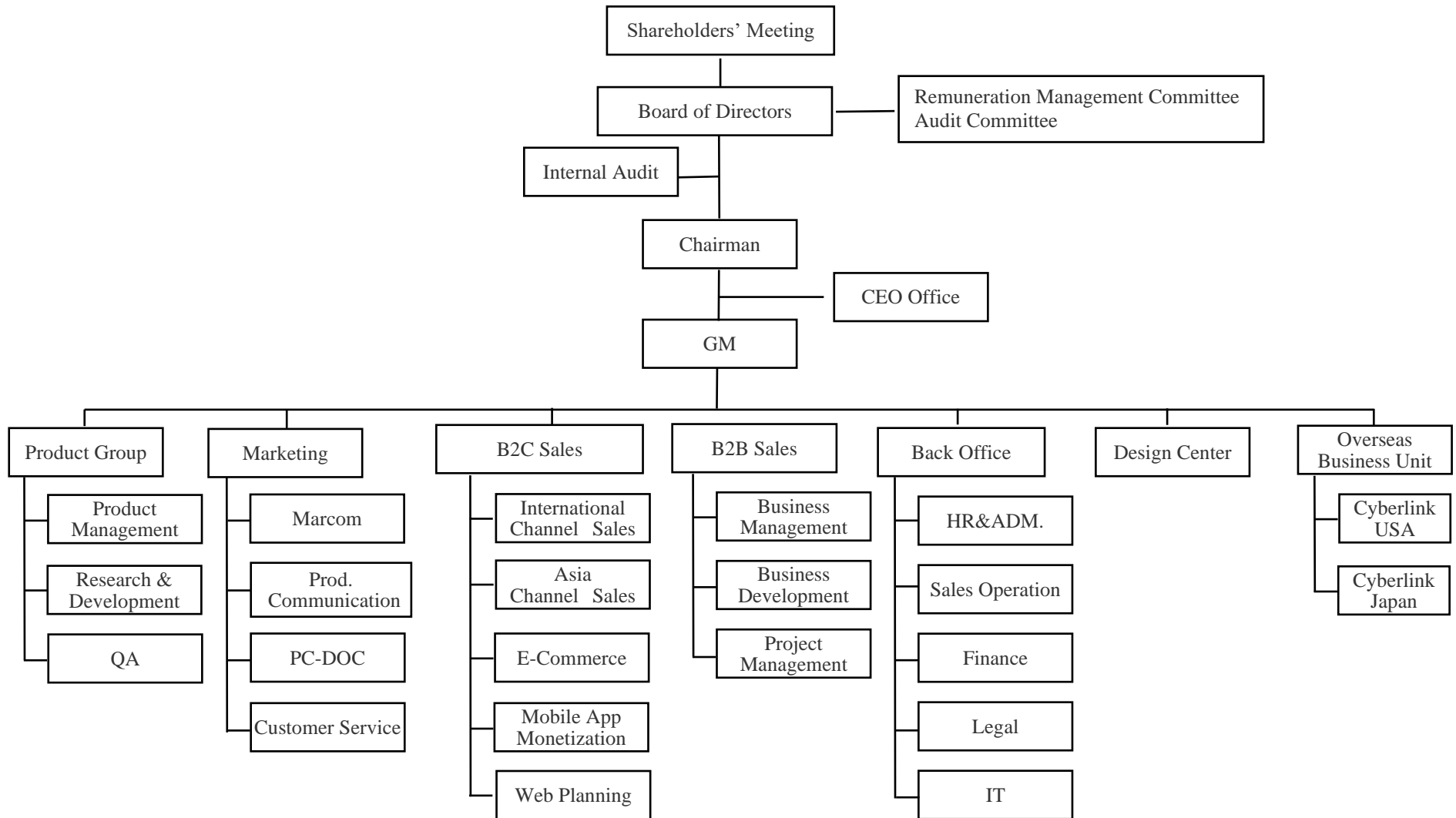
Winning year/month	Product	Award (incentive) won
November 2008	PowerDirector 7	Won 5-star recommendation by CHIP.de (Germany)
January 2009	PowerStarter 7	Won Award of Excellence by PC Magazine (Germany)
January 2009	PowerStarter 7	Won “2009 Editor’s Choice” by PChome
March 2009	PowerDVD 9	Won 5-star rating by CHIP.EU (Germany)
March 2009	PowerStarter 7	Won PC Magazine “Editor’s Choice” (USA)
January 2010	PowerDVD 9 PowerDirector 8	Won 2010 “Taiwan Excellence Award”
March 2010	PowerStarter 8	Won PC Magazine “Editor’s Choice” (USA)
December 2010	PowerDVD 10	Won 2010 “Taiwan Excellence Award”
April 2011	PowerDVD 10	Won the 2011 “Taiwan Excellence Award - Silver”
December 2011	PowerDirector 10	Won PC Magazine “Editor’s Choice” (USA)
January 2012	PowerDVD PowerDirector	Won 2012 “Taiwan Excellence Award”
October 2012	PowerDirector 10	Won Best Design, the most prestigious award, during the “2012 Gold Pin Design Award”
December 2012	PowerDirector	Won 2012 IT Month - “Outstanding IT Application and Product Award”
January 2013	PowerDVD PhotoDirector	Won 2013 “Taiwan Excellence Award”
November 2013	PowerDirector 12	Won 2013 IT Month - “Top 100 Innovative Products”
November 2013	PowerDirector 12	Won “CES Innovations 2014 Design and Engineering Award” - Software and Mobile Apps Category (USA)
December 2013	PowerDVD PowerDirector PhotoDirector	Won 2013 “Taiwan Excellence Award”
January 2014	PowerDirector 12	Won “2013 Best Video Editing Software” by PC Magazine (USA)
April 2014	PhotoDirector 5	Won the “Taiwan Excellence Award - Gold”
May 2015	PowerDirector 13 PowerDVD 14	Won 2015 “Taiwan Excellence Award”
November 2015	PowerDirector 14	Won “Best Product for 2015” by PC Magazine
January 2016	PowerDirector 14 PhotoDirector 7 PowerDVD 15	Won 2016 “Taiwan Excellence Award”
January 2016	PowerDirector 14	Won the 2016 “Taiwan Excellence Award - Gold”
December 2016	PowerDirector Mobile App	Won Best of 2016 on Google Play
January 2017	PowerDirector 15 PhotoDirector 8	Won 2017 “Taiwan Excellence Award”

Winning year/month	Product	Award (incentive) won
	PowerDVD 17	
January 2017	PowerDirector 15	Won the PCMag “Editor’s Choice” (USA)
December 2017	ActionDirector for mobile	Won Best of 2017 on Google Play
December 2017	PowerDirector 16	Won “Taiwan Excellence Award - Gold”
December 2017	PowerDirector for mobile ActionDirector for mobile	Won Editor’s Choice App on Google Play
October 2018	FaceMe™	Participated in the MegaFace Challenge and claimed its place as the number one AI facial recognition engine in Taiwan.
November 2018	PowerDirector 17	Won 2018 IT Month - “Top 100 Innovative Products - Gold”
October 2019	PowerDirector 18 PhotoDirector 11 U Bundle with integrated FaceMe® engine	Won 2019 “Taiwan Excellence Award”
November 2019	FaceMe® engine	Won “Taiwan Excellence Award - Silver”
April 2020	FaceMe® engine	Received favorable rating once again from NIST, delivering 99.7% accuracy that made CyberLink the only Taiwanese supplier to rank among the world’s Top 20
November 2020	PowerDirector Mobile App	Won the “Taiwan Excellence Award - Silver”
December 2020	FaceMe® engine	Ranked among the world’s top-10 in the NIST 1:N rating.
July 2021	FaceMe® engine	Ranked among the world’s top 3 in the liveness check competition during the 2021 International Conference on Computer Vision, making it a secure and reliable facial recognition technology for banks and insurance companies.
November 2021	PowerDirector 365 for Mac OS	Won the “2022 Taiwan Excellence Award - Silver”
November 2022	FaceMe® Platform	Won the “Taiwan Excellence Award”
January 2023	PowerDirector 365	Won the “Editor’s Choice”, the only full five-star rating by U.S. tech magazine - PC Magazine

3. Corporate Governance Report

3.1 Organization

3.1.1. Organization chart



3.1.2. Department responsibilities:

Department	Main responsibilities
CEO Office	<ul style="list-style-type: none"> • Long/short term strategy planning, policy execution, policy making, and supervision of business investments • Oversees decision-making, execution, and performance evaluation across all businesses within the Company • Coordinates all departments and branches around the world toward the accomplishment of operational goals
Internal Audit	<ul style="list-style-type: none"> • Evaluates, tracks, and audits the Company's internal control system to ensure robustness, rationality, and effectiveness
Product Management	<ul style="list-style-type: none"> • Determines product features, positioning, and strategy and coordinates with relevant departments • Planning of disc content (program, document, template) • Helps product marketing personnel comprehend product advantages and features • Gathers and analyzes marketing information relating to products
Research & Development	<ul style="list-style-type: none"> • Evaluates new technology trends • Research and development of new technologies • Technological development for new products • Technological improvement, functional enhancement, and version updates for various products
QA	<ul style="list-style-type: none"> • Feasibility test for products under development • Product compatibility test • Supports Customer Service, IT Management, and Marketing Planning
Marcom	<ul style="list-style-type: none"> • Product promotion and media communication; editing and issuance of corporate publications • Planning and execution of exhibitions at domestic and foreign computer shows
Prod. Communication	<ul style="list-style-type: none"> • Product marketing planning and integration of marketing channels • Maintenance of corporate website, and using the website for company introduction and product marketing • Responsible for product marketing, issuance of product catalog, and supporting marketing campaigns of the Business Department
PC-DOC	<ul style="list-style-type: none"> • Product commercialization • Makes multi-language versions of each product • Responsible for drafting digital product documents and user manuals
Customer Service	<ul style="list-style-type: none"> • After-sale service and technical support • Gathers issues from customers

Department	Main responsibilities
International Channels	<ul style="list-style-type: none"> • Sale of products through international channels • Devises international channel and marketing strategies and product pricing • Coordinates delivery and proceeds collection • Expands international channels; explores and resolves customers' issues
Asia Channel Sales	<ul style="list-style-type: none"> • Sale of products through Asia Pacific channels • Devises Asia Pacific channel and marketing strategies and product pricing • Coordinates delivery and proceeds collection • Expands Asia Pacific channels; explores and resolves customers' issues
E-Commerce	<ul style="list-style-type: none"> • Sale of products through online channels • Devises online channel and marketing strategies and product pricing • Coordinates online delivery and proceeds collection • Develops online business opportunities, makes regular customer visits, and explores and resolves customers' issues
Mobile App Monetization	<ul style="list-style-type: none"> • Marketing of mobile applications • Placement and analysis of digital advertisements • Analyzes behaviors of mobile App users and devises strategies
Web Planning	<ul style="list-style-type: none"> • Planning, design, and optimization of website content • Proposal and planning of product expansions
Business Management	<ul style="list-style-type: none"> • Global product sales and related assistance and support • Global businesses, investigation and resolution of customers' issues, and improvement of customer satisfaction
Business Development	<ul style="list-style-type: none"> • Develops international business opportunities, makes regular customer visits, and explores and resolves customers' issues • Supports sales activities of frontline business staff • Devises international marketing strategies
Project Management	<ul style="list-style-type: none"> • Business project management • Business support for various business groups • Follow-up and resolution of technical issues
HR&ADM.	<ul style="list-style-type: none"> • Human resources and training-related planning and management • Personnel selection, recruitment, and manpower planning • Planning of personnel compensation and reward system • Administrative tasks • General Affairs tasks
Sales Operation	<ul style="list-style-type: none"> • Global shipment and related assistance and support

Department	Main responsibilities
Finance	<ul style="list-style-type: none"> • Capital management, planning, and execution • Accounting matters and preparation of management report for decision-making and analysis • Tax deductions and tax-related matters
Legal	<ul style="list-style-type: none"> • Intellectual property rights management and related legal affairs
IT	<ul style="list-style-type: none"> • Planning and management of internal and external networks • Establishment and maintenance of Web based information management system
Design Center	<ul style="list-style-type: none"> • Multimedia product interface design • Responsible for the design of product promotion materials • Planning of promotional accessories that are relevant to product features • Design of multimedia materials
CyberLink USA	<ul style="list-style-type: none"> • Gathers and analyzes information of the North American market • Responsible for product marketing and business promotion in the North American market • Responsible for after-sale service and technical support in the North American market
CyberLink Japan	<ul style="list-style-type: none"> • Gathers and analyzes information on the Japan market • Responsible for product marketing and business promotion in the Japan market • Responsible for after-sale service and technical support in the Japan market

3.2 Background information of directors, the CEO, GM, vice presidents, assistant vice presidents, and heads of various departments and branches

3.2.1. Director's profile:

March 31, 2024

Position	Name	Gender Age	Nationality (Place of registration)	Date Elected/onboard	Term of service	Date First Elected (onboard)	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in the name of a third party		Selected Education & Experiences	Current Positions at the Company and Other Companies	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Foot note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of shares (Shares)	%			Position	Name	Relationship with the counterparty	
Chairman	Jau Huang	Male 60-65	R.O.C	2023.6.20	3 years	2002.5.27	2,797,910	3.54	2,797,910	3.54	7,862,716	9.96	0	0	- Ph.D. in Electrical Engineering, UCLA - Founder, CyberLink Corp. - Chairman & CEO, CyberLink Corp.	- CEO, CyberLink Corp. - Chairman/Acting CEO of CyberLink.Com Corp. CyberLink International Technology Corp. (BVI) Chairman CyberLink Inc. (Japan) Director Perfect Corp.(Cayman) Director	Director of the Company	Alice H.Chang	Spouse	
Directors	ClinJeff Corp.		R.O.C	2023.6.20	3 years	2002.5.27	12,176,497	15.42	12,176,497	15.42	0	0	0	0	None	None	None	None	None	
	Representative: Alice H.Chang	Female 60-65	R.O.C	2023.6.20	3 years	2002.5.27	7,862,716	9.96	7,862,716	9.96	2,797,910	3.54	0	0	MBA, UCLA - Global Executive Vice President, Trend Micro - Chairman & CEO, CyberLink Corp.	CyberLink Inc. (Japan) Director Perfect Corp. (Cayman) Chairman/CEO Perfect Corp. (USA) - Chairman Perfect Corp. (Japan) Director Perfect Corp. (Shanghai) Chairman Perfect Corp. SARL (France) Chairman Perfect Mobile Corp. (BVI) Chairman	Chairman of the Company	Jau Huang	Spouse	
	Representative: Ying-Lun Hai	Male 70-75	R.O.C	2023.6.20	3 years	2014.6.19	0	0	0	0	50,000	0.06	35,000	0.04	- Chairman, Protour Taiwan	- Chairman, Protour Taiwan	None	None	None	
Directors	Rocky Mountain Investment Ltd.		R.O.C	2023.6.20	3 years	2018.6.19	106,000	0.13	106,000	0.13	0	0	0	0	None	None	None	None	None	
	Representative: Yi-Chen Huang	Male 30-35	R.O.C	2023.6.20	3 years	2018.6.19	1,756,615	2.23	1,756,615	2.23	0	0	0	0	Perfect Corp.(Cayman) Director - Chairman, Perfect Corp.	- Chairman, Perfect Corp.	Chairman of the Company Director of the Company	Jau Huang Alice H.Chang	Father-son Mother-son	
Independent director	Yean-Jen Shue	Male 60-65	R.O.C	2023.6.20	3 years	2023.6.20	5,000	0.01	5,000	0.01	0	0	0	0	- Ph.D. University of Florida, Department of Electrical Engineering - CTO & Senior VP, Pegatron Corp.	Special Assistant to the Chairman and Senior Vice CEO, Pegatron Corporation	None	None	None	
Independent director	Chien LEO Ming-TZ	Male 40-45	R.O.C	2023.6.20	3 years	2023.6.20	0	0	0	0	0	0	0	0	- MBA. in Electrical Engineering, UCLA - General Manager of FIC Global, Inc. - Chairman of Ubiquconn Technology, Inc. - Vice Chairman of 3CEMS Group - Independent Director, Promate Electronic Co., Ltd.	- General Manager of FIC Global, Inc. - Chairman of Ubiquconn Technology, Inc. - Vice Chairman of 3CEMS Group - Independent Director, Promate Electronic Co., Ltd.	None	None	None	
Independent director	Yu Shen Lan	Male 65-70	R.O.C	2023.6.20	3 years	2020.6.23	65,197	0.08	65,197	0.08	1,000	0.00	0	0	- Master's Degree, Graduate Institute of Human Resource Management, National Central University - Ph.D. program, Graduate Institute of Human Resource Management, National Central University - Vice President of Human Resources Department, Altek Corporation - Assistant Vice President of Human Resources Department, Phoenix Technologies Ltd. - Asia Pacific	None	None	None	None	

Position	Name	Gender Age	Nationality (Place of registration)	Date Elected/onboard	Term of service	Date First Elected (onboard)	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in the name of a third party		Selected Education & Experiences	Current Positions at the Company and Other Companies	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Foot note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of shares (Shares)	%			Position	Name	Relationship with the counterparty	
														- Assistant Vice President of Human Resources, Lam Research Co., Ltd. - Assistant Vice President of Human Resources CitiBank						

3.2.2. Major shareholders of corporate shareholders:

March 31, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders (more than 10% ownership)
ClinJeff Corp.	Alice H. Chang, World Speed Company Limited
Rocky Mountain Investment Ltd.	DVDonet.com. Inc.

3.2.3. Key shareholders of major corporate shareholders:

March 31, 2024

Name of corporate entity	Major shareholders of corporate shareholders (more than 10% ownership)
World Speed Company Limited	Alice H.Chang
DVDonet.com. Inc.	World Speed Company Limited

3.2.4. Professional Qualifications and Independence Analysis of Directors:

Name	Criteria	Professional qualifications and experience	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Jau Huang	Ph.D. in Electrical Engineering, UCLA. Current Chairman and CEO of the Company; visiting Professor at National Taiwan University; expertise in leadership, marketing, operational management, and strategic planning that help promote business sustainability.	<p>(1) Not a director, supervisor, or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.</p> <p>(2) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of more than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of The Company Act.</p> <p>(4) Not elected as a government or corporate representative according to Article 27 of The Company Act.</p>	None	
Directors ClinJeff Corp. Representative: Alice H. Chang	MBA, UCLA. Currently serves as director of the Company and Chairman of Perfect Corp.(Cayman). Specializes in business administration, financial planning, global competition, decision-making, and leadership.	<p>(1) Not a director, supervisor, or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.</p> <p>(2) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of more than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	None	

Name Criteria	Professional qualifications and experience	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Directors ClinJeff Corp. Representative: Ying-Lun Hai	At present, a director of the Company and the founder and chairman of Protour Taiwan Inc.	<ul style="list-style-type: none"> (1) Not employed by the Company or any of its affiliated companies. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2). (4) Not a director, supervisor, or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party. (5) Does not assume concurrent duty as chairman, CEO or equivalent role in the Company, and is not a director, supervisor, or employee of another company or institution owned by spouse. (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has a financial or business relationship with the Company. (7) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of more than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. (8) Not a spouse or relative of second degree or closer to any other directors. (9) Does not meet any of the conditions stated in Article 30 of The Company Act. 	None

Name	Criteria	Professional qualifications and experience	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Directors Rocky Mountain Investment Ltd. Representative: Yi-Chen Huang	Director of the Company, Chairman of Perfect Corp.(Japan) Director.	<p>(1) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act.</p> <p>(2) Not a director, supervisor, or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party</p> <p>(3) Does not assume concurrent duty as chairman, CEO or equivalent role in the Company, and is not a director, supervisor, or employee of another company or institution owned by spouse.</p> <p>(4) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of more than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies.</p> <p>(5) Does not meet any of the conditions stated in Article 30 of The Company Act.</p>	None	

Criteria Name	Professional qualifications and experience	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent director Yean-Jen Shue	Ph.D. University of Florida, Department of Electrical Engineering; a member of the Company's Audit Committee and Remuneration Committee, CTO and Senior VP of Pegatron Corporation; used to be Vice President of Pegatron Corporation and Associate Vice President of ASUS.	<ul style="list-style-type: none"> (1) Not employed by the Company or any of its affiliated companies. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company. (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3). (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (6) Not a director, supervisor, or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party. 	None
Independent director Chien LEO Ming-TZ	Master's degree in electrical engineering from UCLA, USA, and is a member of the Company's Audit Committee and Remuneration Committee; Chairman of FIC Global, Chairman of Ubiqconn Technology, Inc, Vice Chairman of 3CEMS Group, and Independent Director of Promate Electronic Co., Ltd.	<ul style="list-style-type: none"> (7) Does not assume concurrent duty as chairman, CEO or equivalent role in the Company, and is not a director, supervisor, or employee of another company or institution owned by spouse. (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has a financial or business relationship with the Company. (9) Not a professional who has provided audit services, or commercial, legal, financial, accounting or related services in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies. 	1

Name Criteria	Professional qualifications and experience	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent director Yu Shen Lan	Graduated from the Master's and Doctoral programs of the Institute of Human Resource Management of the National Central University, and is a member of the Company's Audit Committee and Remuneration Committee; used to work in the human resources department of Citibank, Taiwan Applied Materials, and Altek Corp.	(10)Not a spouse or relative of second degree or closer to any other directors. (11)Does not meet any of the conditions stated in Article 30 of The Company Act. (12)Not elected as a government or corporate representative according to Article 27 of The Company Act.	None

3.2.5. Diversity and independence of the board of directors:

1. Board diversity

According to the Company's "Corporate Governance Code of Conduct," the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- (1) Basic requirements and value: Gender, age, nationality, culture etc.
- (2) Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- (A) Ability to make business judgments.
- (B) Ability to perform accounting and financial analysis.
- (C) Ability to conduct management administration.
- (D) Ability to conduct crisis management.
- (E) Knowledge of the industry.
- (F) An International market perspective.
- (G) Ability to lead.
- (H) Ability to make policy decisions.

In accordance with the foregoing principles, the Company's diversification objectives are:

- (1) At least one-third of the board members have technology industry, marketing or technical expertise, with at least one female board member.
- (2) At least one-third of the independent directors shall have financial or technological expertise.

In accordance with the aforementioned goals, the 7 members of the board are comprised of practitioners from different industries, and who possess the knowledge, skills, and characters required to perform respective duties. In order to implement the policy of diversity, one female director (14%) among the members is an employee, and only one director is an employee. All independent directors have served three terms or less, two directors are under the age of 50; four directors are between the ages of 60 and 69, and one director is over the age of 70. The current composition of the board of directors has achieved the goal of diversity policy, as follows:

Measurements of diversity Name		Basic composition					Terms and years as independent director			Professional background				Professional Knowledge and skills					
		Nationality	Gender	Employed by the Company w/ 50	Age		Below 3 years	3-9 years	Above 9 years	Accounting	Finance	Marketing	Technology	Ability to make business judgment	Ability to conduct management decisions	Ability to lead and make policy	Ability to conduct crisis management	Knowledge of the industry	An International market
					60-69	70 and above													
Directors	Jau Huang	R.O.C	Male	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Alice H. Chang		Female		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Ying-Lun Hai		Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Yi-Chen Huang		Male	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Yean-Jen Shue	America	Male		✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Yu Shen Lan		Male		✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	
	Chien LEO Ming-TZ		Male	✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	

2. Board independence

The Company currently has 7 members on the board, including 3 independent directors and 4 non-independent directors (representing 43% and 57% of total board members, respectively); whereas female directors represent 14% of total board members. All independent directors have met the requirements stipulated by the Securities and Futures Bureau, and Financial Supervisory Commission, and the directors and independent directors exhibited none of the conditions mentioned in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

3.2.6. Background information of the CEO, GM, vice presidents, assistant vice presidents, and heads of departments and branches:

March 31, 2024

Position	Name	Gender	Nationality	Elected (inaugurated) Date	Shareholding		Spouse & Minor Shareholding		Shareholding in the name of a third party		Selected Education & Experiences	Concurrent positions in other companies	Spouse or relatives of second degree or closer serving as managers			Footnote
					Number of shares	%	Number of shares	%	Number of shares	%			Position	Name	Relationship with the counterparty	
Chairman and CEO	Jau Huang	Male	R.O.C	2002.05	2,797,910	3.54	7,862,716	9.96	None	None	- Ph.D. in Electrical Engineering, UCLA - Founder, CyberLink Corp. - Chairman & CEO, CyberLink Corp.	- CEO, CyberLink Corp. - Chairman/Acting CEO of CyberLink.Com Corp. CyberLink International Technology Corp..(BVI) Chairman CyberLink Inc. (Japan) Director Perfect Corp.(Cayman) Director	None	None	None	
GM	Mei Guu	Female	R.O.C	2023.12	296,939	0.38	532	0.00	None	None	Master's Degree, Department of Computer Science & Information Engineering, National Taiwan University	None	None	None	None	
GM	Vincent Lin	Male	R.O.C	2023.12	215,603	0.27	0	0.00	None	None	Ph.D., Graduate Institute of Electrical Engineering, National Taiwan University	None	None	None	None	
Product Management Department Vice President	YW Lei	Male	R.O.C	2003.06	243,570	0.31	0	0.00	None	None	- Ph.D., Department of Computer Science & Information Engineering, National Taiwan University	None	None	None	None	
R&D Department Senior Vice President	David Lee	Male	R.O.C	2008.05	218,862	0.28	0	0.00	None	None	Master's Degree, Department of Computer Science & Information Engineering, National Taiwan University	None	None	None	None	
Business Development Assistant Vice President	Hilda Peng	Female	R.O.C	2009.07	42,663	0.05	0	0.00	None	None	Master of Business Administration, University of Bath, UK	None	None	None	None	
Head of Accounting	Ruby Hsiao	Female	R.O.C	2021.03	None	None	0	0.00	None	None	Department of Accounting, Fu Jen Catholic University	None	None	None	None	

3.3. Compensation paid to directors (including independent directors), the CEO, GM and vice presidents in the last year

3.3.1. Compensation to directors in 2023 (individual disclosure by name and amount)

Unit: NT\$ thousands

Title	Name	Directors' remuneration								Sum of A, B, C, and D and relative percentage to net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income		Compensation from parent company or business investments other than subsidiaries
		Salary (A)		Severance pay and pension (B)		Directors' remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Severance pay and pension (F)		Employees' compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Jau Huang	500	500	0	0	450	450	0	0	950 0.43%	950 0.43%	11,351	11,351	0	0	2,000	0	2,000	0	14,301 6.44%	14,301 6.44%	None
Directors	ClinJeff Corp. Representative: Alice H. Chang	500	500	0	0	450	450	0	0	950 0.43%	950 0.43%	0	0	0	0	0	0	0	0	950 0.43%	950 0.43%	None
Directors	ClinJeff Corp. Representative: Ying-Lun Hai	500	500	0	0	450	450	6	6	956 0.43%	956 0.43%	0	0	0	0	0	0	0	0	956 0.43%	956 0.43%	None
Directors	Rocky Mountain Investment Ltd. Representative: Yi-Chen Huang	500	500	0	0	450	450	0	0	950 0.43%	950 0.43%	0	0	0	0	0	0	0	0	950 0.43%	950 0.43%	None
Independent director	Yean-Jen Shue Newly elected on June 20, 2023	0	0	0	0	0	0	2	2	2 0.00%	2 0.00%	0	0	0	0	0	0	0	0	2 0.00%	2 0.00%	None
Independent director	Chien LEO Ming-TZ Newly elected on June 20, 2023	0	0	0	0	0	0	3	3	3 0.00%	3 0.00%	0	0	0	0	0	0	0	0	3 0.00%	3 0.00%	None
Independent director	Yu Shen Lan	500	500	0	0	450	450	6	6	956 0.43%	956 0.43%	0	0	0	0	0	0	0	0	956 0.43%	956 0.43%	None
Independent director	Wen-Hsiang Hung Stepped down on June 20, 2023	500	500	0	0	450	450	3	3	953 0.43%	953 0.43%	0	0	0	0	0	0	0	0	953 0.43%	953 0.43%	None
Independent director	Jimmy Yang-Tzong Tsay Stepped down on June 20, 2023	500	500	0	0	450	450	2	2	952 0.43%	952 0.43%	0	0	0	0	0	0	0	0	952 0.43%	952 0.43%	None

- Please explain the policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed. Independent directors take part in board meetings to learn operations of the Company. They communicate persistently with external and internal auditors on key financial and business issues, and recommends improvements appropriate. The Company considers itself to have adopted a relatively reasonable independent director compensation policy compared to peers.
- Compensation received by the director for providing service (e.g. consultancy service without the title of an employee) to the parent company, any company included in the financial statements, or any business investment last year, except those disclosed in the above table: None.

Directors' remuneration brackets range

Range of remuneration paid to the Company's directors	Names of the directors			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements H	The Company	All companies included in the financial statements I
Below NT\$ 1,000,000	Jau Huang, Yean-Jen Shue, Chien LEO Ming-TZ, Yu Shen Lan, Rocky Mountain Investment Ltd., Wen-Hsiang Hung, Jimmy Yang-Tzong Tsay	Jau Huang, Yean-Jen Shue, Chien LEO Ming-TZ, Yu Shen Lan, Rocky Mountain Investment Ltd., Wen-Hsiang Hung, Jimmy Yang-Tzong Tsay	Yean-Jen Shue, Chien LEO Ming-TZ, Yu Shen Lan, Rocky Mountain Investment Ltd., Wen-Hsiang Hung, Jimmy Yang-Tzong Tsay	Yean-Jen Shue, Chien LEO Ming-TZ, Yu Shen Lan, Rocky Mountain Investment Ltd., Wen-Hsiang Hung, Jimmy Yang-Tzong Tsay
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)	ClinJeff Corp.	ClinJeff Corp.	ClinJeff Corp.	ClinJeff Corp.
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)				
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)				
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)				
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)			Jau Huang	Jau Huang
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)				
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)				
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)				
NT\$ 100,000,000 and above				
Total	8	8	8	8

* The basis of compensation disclosed above is different from the basis of the income tax law, hence the above table has been prepared solely for information disclosure, and not for tax purposes.

3.3.2. Compensation to the CEO, GM and vice presidents in 2023

Unit: NT\$ thousands

Position	Name	Salary (A)		Severance pay and pension (B)		Bonus and special allowances (C)		Employee remuneration (D)				Sum of A, B, C, and D and relative percentage to net income (%)		Compensation from parent company or business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO Stepped down from serving as GM on December 1, 2023	Jau Huang	27,298	27,298	432	432	7,109	7,109	7,330	0	7,330	0	42,169 18.99%	42,169 18.99%	None
GM Newly appointed as GM on December 1, 2023	Mei Guu													
GM Newly appointed as GM on December 1, 2023	Vincent Lin													
Senior Vice President	David Lee													
Vice President	YW Lei													

* The basis of compensation disclosed above is different from the basis of the income tax law, hence the above table has been prepared solely for information disclosure, and not for tax purposes.

Directors' remuneration brackets range

Range of compensations paid to the CEO,GM and vice presidents	Name of CEO,GM and vice presidents	
	Parent Company	All companies included in the financial statements (E)
Below NT\$ 1,000,000		
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)		
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)		
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)		
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	Mei Guu, Vincent Lin, David Lee, YW Lei	Mei Guu, Vincent Lin, David Lee, YW Lei
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	Jau Huang	Jau Huang
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)		
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)		
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)		
NT\$ 100,000,000 and above		
Total	5	5

* The basis of compensation disclosed above is different from the basis of the income tax law, hence the above table has been prepared solely for information disclosure, and not for tax purposes.

3.3.3. Managers receiving employee remuneration and details of remuneration received in 2023

March 31, 2024

	Position (Note 1)	Name (Note 1)	Amount paid in shares (in thousands)	Amount paid in cash (in thousands)	Total (in thousands)	Total as a percentage of net income after tax (%)
Manager	CEO	Jau Huang	-	8,894	8,894	4.01%
	GM	Mei Guu				
	GM	Vincent Lin				
	Senior Vice President of R&D Department	David Lee				
	Senior Vice President of Product Management Department	YW Lei				
	Assistant Vice President of Business Development	Hilda Peng				
	Head of Accounting	Ruby Hsiao				

3.3.4. Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, CEO, GM and vice presidents, and their respective proportions to standalone and consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks:

1. Directors', CEO's, GM's and vice presidents' compensations paid in the last two years as a percentage of net income

Position	Total compensation as a percentage of net income			
	2022		2023	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Directors	7.85%	7.85%	9.02%	9.02%
CEO, GM and vice presidents	20.20%	20.20%	18.99%	18.99%

2. Compensation policies, standards, packages and procedures, and association with future risks and business performance:

(1) Directors' compensation package includes benefits, remuneration, and fees for services rendered:

A. Directors' compensation: According to Article 23 of the Articles of Incorporation, "The board of directors is authorized to determine compensation for all directors in reference to peer levels."

B. Directors' remuneration: According to Article 27 of the Articles of Incorporation, "Profits concluded in a given year shall have no more than 1.5% allocated as director remuneration. However, profits must first be taken to offset against cumulative losses if any."

- C. Fees for services rendered: Consist mainly of travel allowance. Amounts are determined in reference to public listed companies or peers.
- D. Directors' benefits are determined by the Remuneration Committee after taking into account the level of participation and contribution value of each director, the rationality and fairness of benefits given the performance delivered and the risks borne, the overall operating performance of the Company, and peer standards. All proposals raised by the committee are presented for resolution by the board of directors.
- (2) Managers' compensations comprise a fixed component and a variable component. The fixed component represents monthly salary; whereas the variable component includes employee remuneration, year-end bonus, and employee stock option, which are allocated based on the annual assessment of individual performance, the time committed, the responsibilities borne, attainment of personal targets, and performance in other job roles. As for employee remuneration, Article 27 of the Articles of Incorporation states that "Profits concluded from a financial year are subject to employee remuneration of no less than 3%. However, profits must first be taken to offset against cumulative losses if any." Details and rationality of the compensation package are supported by the Remuneration Committee and resolved by the board of directors.
- (3) The remuneration procedures for directors and managerial officers are based on the evaluation results of the "Directors' Performance Evaluation Regulations" and the "Performance Management Evaluation", and reasonable remuneration is provided with reference to the industry's standards and the Company's operating performance, personal performance and individual contribution to the Company. The performance of the Company's managerial officers for FY2022 has met the predetermined target requirements, and the results of the external evaluation of the Board of Directors and the self-evaluation of the performance of the members of the Board of Directors and functional committees have been above the standard required. The reasonableness of the remuneration system is reviewed in a timely manner depending on the actual business conditions and relevant laws and regulations, and is submitted to the Remuneration Committee and the Board of Directors for regular review.
- (4) The Company adopts a compensation policy that takes into account the organization's current financial position, business performance, and future capital requirements. The Company also assesses future risk exposures and takes actions to minimize the chances of risk occurrence. As of the publication date of the annual report, there had been no occurrence that would give rise to future responsibilities, obligations, or liabilities for the Company.

3.4. Corporate governance

3.4.1. Functionality of the board of directors:

A total of 8 meetings (A) were held in the most recent year; below are directors' attendance records:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Footnote
Chairman	Jau Huang	8	0	100%	
Directors	ClinJeff Corp. Representative: Alice H. Chang	7	1	87.5%	
Directors	ClinJeff Corp. Representative: Ying-Lun Hai	8	0	100%	
Directors	Rocky Mountain Investment Ltd. Representative: Yi-Chen Huang	8	0	100%	
Independent director	Yean-Jen Shue	5	0	100%	2023.6.20 Newly elected
Independent director	Chien LEO Ming-TZ	5	0	100%	2023.6.20 Newly elected
Independent director	Yu Shen Lan	8	0	100%	2023.6.20 Re-appointed
Independent director	Wen-Hsiang Hung	3	0	100%	2023.6.20 Stepped down
Independent director	Jimmy Yang-Tzong Tsay	2	1	67%	2023.6.20 Stepped down

Other mandatory disclosures:

(1) For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, independent directors' opinions and how the Company has responded to such opinions.

(I) Conditions described in Article 14-3 of the Securities and Exchange Act.

Date of board meeting	Motion details and subsequent actions taken	Independent directors' opinions and the Company's response to all independent directors' opinions
18th meeting of the 9th board 2023.3.7	<ul style="list-style-type: none"> ● 2022 director's and employee's remuneration ● 2022 director remuneration. ● Independence assessment, suitability assessment, and compensation of financial statement auditors for 2023. 	<p>Motion was supported unanimously by all independent directors, and no objection or reservation was expressed.</p> <p>Company's response to independent directors' opinions: None</p>
19th meeting of the 9th board 2023.3.28	<ul style="list-style-type: none"> ● Passed the 2022 Declaration of Internal Control System. 	
20th meeting of the 9th board 2023.4.26	<ul style="list-style-type: none"> ● Passed the financial statements for the first quarter of 2023. ● Passed the annual executive salary adjustment for 2023. ● Passed the appointment of the corporate governance officer. 	
2nd meeting of the 10th committee 2023.7.26	<ul style="list-style-type: none"> ● Passed the amendments to the Company's "Rules of Procedure for board of directors Meetings". 	
3rd meeting of the 10th committee 2023.10.25	<ul style="list-style-type: none"> ● Passed the review of 2024 CPAs' fees ● Passed the Company's 2024 audit plan. 	
4th meeting of the 10th committee 2024.2.29	<ul style="list-style-type: none"> ● 2023 director's and employee's remuneration. ● 2023 director remuneration. ● Independence assessment, suitability assessment. ● Lease of office from related party 	
5th meeting of the 10th committee 2024.3.27	<ul style="list-style-type: none"> ● Passed the 2023 Declaration of Internal Control System. ● Passed the amendments to the Company's "Rules of Procedure for board of directors Meetings". ● Amendments to the Company's "Rules of Procedure of Shareholders' Meeting". 	

(II) Any other documented objections or reservations raised by independent directors against board resolution in relation to matters other than those described above: None.

(2) Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:

Date of board meeting	Motion details	Directors who recused themselves	Reason for recusal	Participation in the voting process
2024.2.29	Lease of office from related party	Jau Huang Alice H. Chang Yi-Chen Huang	The parties held a personal stake in the motion	Recused from discussion and voting

(3) Information on the evaluation cycle, duration, scope, method, and detail of Board of Directors performance self (or peer) evaluations performed:

The Company has established a set of board performance evaluation policy and assessment methods, and completed the board performance evaluation for 2023. Details of the evaluation are as follows:

The board of directors has passed the establishment of the “Rules for Performance Evaluation of Board of Directors” in accordance with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies as a way to enforce sound corporate governance practices and improve board function. The policy introduces a set of performance targets that aim to increase the efficiency of board, and imposes rules that require the performance of the board to be evaluated on a yearly basis; furthermore, board performance has to be evaluated by independent institutions or experts/scholars from outside the organization at least once every three years.

A. Period of assessment: January 1, 2023 to December 31, 2023

The board is required to assess the performance of individual directors on a yearly basis using the procedures and indicators outlined in the policy.

B. Scope of assessment: Covers performance of the board as a whole, the individual directors, and functional committees.

C. Assessment method and procedures

The self-evaluation was conducted through the “Self-Evaluation Questionnaire for the Performance of the board of directors”, “Self-Evaluation Questionnaire for the Performance of Directors”, and “Self-Evaluation Questionnaire for the Performance of the Functional Committees”.

D. Evaluation Indicators and Evaluation Results

Board performance evaluation	Board member performance self-assessment	Audit Committee Performance evaluation	Remuneration Committee Performance Evaluation
1. Level of participation in the Company’s operations 2. Improvement of board decision quality 3. Composition of the board of directors 4. Election and continuing education of directors 5. Internal control	1. Comprehension of the Company’s targets and missions 2. Directors’ duty awareness 3. Level of participation in the Company’s operations 4. Management and communication of internal relations 5. Professionalism and ongoing education of directors 6. Internal control	1. Level of participation in the Company’s operations 2. Awareness towards duties of the functional committee 3. Improvements to the quality of decisions made by functional committees 4. Composition of the functional committee and selection of committee members 5. Internal control	1. Level of participation in the Company’s operations 2. Awareness towards duties of the functional committee 3. Improvements to the quality of decisions made by functional committees 4. Composition of the functional committee and selection of committee members
34 assessment indicators	21 assessment indicators	18 assessment indicators	15 assessment indicators
4.88/5	4.94/5	4.96/5	5/5

Individual directors, Audit Committee and Remuneration committees averaged scores above 4.85 on all aspects of the performance evaluation in 2023, and rated themselves between 5 - “Strongly agree” and 4 - “Agree” across all performance indicators. Individual directors “Agreed” on most of the

performance indicators, and the board of directors and functional committees are deemed to have functioned properly in line with corporate governance requirements.

- (4) Enhancements to the functionality of board of directors in the current and most recent year, and progress of such enhancements:

The Company believes that sound corporate governance is made possible only with a strong and efficient board of directors. With this understanding in mind, the Company set the following objectives to improve the performance of the 10th board of directors in 2023 and the progress is as explained below:

Item No.	Objective	Execution progress
1	Improvement of information transparency	The Company makes announcement for material information on the day of board of directors meeting.
2	Directors are encouraged to undergo continuing education as a way to improve professional capacity	Directors of the Company are required by policy to complete at least 6 hours of continuing education.
3	Increase in board meeting attendance rate	The Company has increased the attendance rate of directors through advanced planning , advance notice or video conference . In 2023, the in-person attendance of new directors reached 100% .
4	Enhancement of corporate governance by facilitating communication between directors and internal and external auditors	All directors of the Company would regularly follow up on the execution and improvement of internal control and internal audit practices. They also gain insight into the Company's operations and governance practices through independent auditor's report, correspondences, and one-on-one meetings.
5	Board performance evaluation	The Company's 2023 performance evaluation results for directors and functional committees were all higher than 4.85, in the range of 5 for "strongly agree" and 4 for "agree". Directors mostly agreed with the operation of various evaluation indicators .

3.4.2. Functionality of the Audit Committee:

1. Professional qualification and experience of Audit Committee members:

Criteria Name	Professional qualifications and experience
Independent director Yean-Jen Shue	Ph.D. University of Florida, Department of Electrical Engineering; a member of the Company's Audit Committee and Remuneration Committee, CTO and Senior VP of Pegatron Corporation; used to be Vice President of Pegatron Corporation and Associate Vice President of ASUS, possessing work experience necessary for the Company's business with insight into industry development and technology application.
Independent director Chien LEO Ming-TZ	Master's degree in electrical engineering from UCLA, USA, and is a member of the Company's Audit Committee and Remuneration Committee; Chairman of FIC Global, Chairman of Ubiqconn Technology, Inc, Vice Chairman of 3CEMS Group, and Independent Director of Promate Electronic Co., Ltd., possessing the experience necessary for the Company's business, finance, accounting, and corporate affairs, which can improve the overall development of the Company and the supervisory function of the Audit Committee.
Independent director Yu Shen Lan	Graduated from the Master's and Doctoral programs of the Institute of Human Resource Management of the National Central University, and is a member of the Company's Audit Committee and Remuneration Committee; used to work in the human resources department of Citibank, Taiwan Applied Materials, and Altek Corp., and possessing rich experience in the industry and is well connected with the industry-related contacts.

2. The Company assembled an Audit Committee to supersede supervisors on June 23, 2020. The committee comprises three independent directors, and at least one of whom has expertise in accounting or finance. The Committee convenes meetings at least one per quarter according to the "Audit Committee Charter"; its main responsibilities in 2023 were to review financial statements, supervise risk management issues, and discuss finance-related motions, specifically:

- (1) Financial reports, accounting and internal control systems, transaction of major assets or derivative, offering or issuance of securities, appointment/dismissal/compensation of financial statement auditors, matters concerning directors' personal interests, and appointment/dismissal of the head of finance, accounting, or internal audit.
- (2) Review of the financial report: The Company's business report, annual financial report, and earnings appropriation proposal are reviewed by the Audit Committee and subsequently resolved by the board of directors and presented for acknowledgment during the annual general meeting. The Company's 2023 financial statements have been reviewed by the Audit Committee and approved by the board of directors on February 29, 2024, and will be presented for acknowledgment during the 2024 annual general meeting. Quarterly financial statements have also been discussed and passed by the Audit Committee, and presented to the board of directors for final resolution.
- (3) Assessment of the internal control system: The Company conducts self-assessments of its internal control system and requires internal

departments to complete their assessments according to the internal control cycle. The Audit Committee then verifies whether the design and execution of the internal control system is effective and provides assurance with regard to business performance, target accomplishment, reliability, timeliness and transparency of reported financial information, and compliance with relevant laws. Outcomes of the 2023 internal control system self-assessment were reviewed and approved by the Audit Committee and the board of directors on March 27, 2024.

(4) Appointment and evaluation of financial statement auditor: The Audit Committee and the board of directors assess the professional capacity, independence, and compensation of the financial statement auditor regularly at the end of each year. Outcomes of the 2024 financial statement auditor evaluation were reviewed and approved by the Audit Committee on February 29, 2024.

3. The Audit Committee comprises 3 members; tenure of members began on June 20, 2023 and ends on June 19, 2026. A total of 7 Audit Committee meetings (A) were held in the most recent year; committee members' attendance records are summarized below:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Footnote
Convener	Yean-Jen Shue	4	0	100%	Newly elected on June 20, 2023
Committee member	Chien LEO Ming-TZ	4	0	100%	Newly elected on June 20, 2023
Committee member	Yu Shen Lan	7	0	100%	Reappointed on June 20, 2023
Committee member	Wen-Hsiang Hung	3	0	100%	Stepped down on June 20, 2023
Committee member	Jimmy Yang-Tzong Tsay	2	1	67%	Stepped down on June 20, 2023

Other mandatory disclosures:

(1) For Audit Committee meetings that meet any of the following descriptions, details such as the date and session of Audit Committee meeting held, the motions discussed, independent directors' objections, reservations, or key recommendations, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions are disclosed in the chart below:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act.

Date of board meeting	Motion details and subsequent actions taken	Audit Committee's resolution and the Company's response to Audit Committee's opinions
18th meeting of the 9th board 2023.3.7	<ul style="list-style-type: none"> ● Presentation of the Company's 2022 financial statements for review. ● Independence assessment, suitability assessment, and compensation of financial statement auditors for 2023. 	All motions were supported unanimously by Audit Committee members, and subsequently approved by the board of directors as the Audit Committee had recommended.
19th meeting of the 9th board 2023.3.28	<ul style="list-style-type: none"> ● Adoption of the Proposal for Distribution of 2022 Profits. ● 2022 Declaration of Internal Control System. 	

20th meeting of the 9th board 2023.4.26	<ul style="list-style-type: none"> ● Discussion of the Company's 2023 first quarter financial statements.
1st meeting of the 10th committee 2023.7.26	<ul style="list-style-type: none"> ● Presentation of the Company's 2023 first-half financial statements.
2nd meeting of the 10th committee 2023.10.25	<ul style="list-style-type: none"> ● Presentation of the Company's 2023 Q1-Q3 financial statements. ● Passed the review of 2024 CPAs' fees.
3rd meeting of the 10th committee 2024.2.29	<ul style="list-style-type: none"> ● Presentation of the Company's 2023 financial statements for review. ● Independence assessment, suitability assessment. ● Lease of office from related party
4th meeting of the 10th committee 2024.3.27	<ul style="list-style-type: none"> ● Adoption of the Proposal for Distribution of 2023 Profits. ● 2023 Declaration of Internal Control System.

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

(2) Avoidance of involvement in interest-conflicting motions by independent directors; state the names of independent directors, the motion discussed, the nature of conflicting interests, and the voting process: None

(3) Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome).

(a) All independent directors of the Company would regularly follow up on the execution and improvement of internal control and internal audit practices.

(b) Independent directors gain insight into the Company's operations through regular examination of CPA audit reports.

(c) Communication between independent directors and internal auditors:

Date	Form of communication	Subject of communication
2023.3.7	Conference report	Report on the execution of 2022 Q4 audit tasks
2023.3.7	One-on-one meeting (The internal audit officer reports to the independent directors separately)	Report on the execution of audit tasks
2023.3.28	Conference report	2022 Assessment of the Effectiveness of the Internal Control System and "Declaration of Internal Control System"
2024.2.29	One-on-one meeting (The internal audit officer reports to the independent directors separately)	Report on the execution of audit tasks
2024.3.27	Conference report	2023 Assessment of the Effectiveness of the Internal Control System and "Declaration of Internal Control System"

(4) Summary of communications between independent directors and external auditors

Date	Form of communication	Subject of communication
2023.3.7	One-on-one meeting	1. Independent auditor's report and conclusions on the 2022 financial statements 2. Description of audit quality indicators (AQIs)
2024.2.29	One-on-one meeting	1. Independent auditor's report and conclusions on the 2023 financial statements 2. Description of audit quality indicators (AQIs)

3.4.3. Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
1. Does the Company established and disclosed the Corporate Governance Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company established its Corporate Governance Code of Conduct on October 27, 2014 and disclosed it to the public. Relevant details can be found on the Company’s website.	None
2. Shareholding structure and shareholders’ interests (1) Does the Company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes, and litigations? (2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (4) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		(1) The Company has assigned dedicated personnel to oversee shareholder service. All shareholders’ suggestions are handled by dedicated personnel. (2) The management is duly informed of the identities of its major shareholders and maintains sound interaction with them. All directors of the Company are appointed by major shareholders. Board of directors meetings are convened on a regular basis to keep major shareholders and directors informed of the Company’s operations. Directors would provide the management with useful suggestions at appropriate times and all major motions are executed with the board of directors’ approval. (3) Although the Company has dealings with related enterprises, all business relationships are considered to be independent and at arm’s length. All related enterprises are financially independent and do not provide joint guarantees to each other. Robust risk management practices and firewalls have been implemented, and no non-arms length transactions had taken place. (4) The Company has established “Insider Trading Prevention Procedures” to serve as guidance for directors, managers, and employees. On July 26, 2022, the board of directors passed the establishment of “Material Insider Information Handling	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			Procedures” to prohibit directors, managers, and employees from trading securities against non-public information. The procedures specifically prohibit insiders (including but not limited to directors) from trading the Company’s listed securities or any other securities with equity characteristics held in possession after gaining knowledge of financial statement or performance details, including the blackout period 30 days before publication of annual financial statements and 15 days before publication of quarterly financial statements. The procedures have been posted on the corporate website (www.cyberlink.com) for view by employees to avoid violation or occurrence of insider trading.	
<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Does the board of directors have a diversity policy and management goals that are duly enforced?</p> <p>(2) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p> <p>(3) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a</p>	✓		<p>(1) The Company has implemented and enforced a diversity policy for board members as part of its Corporate Governance Code of Conduct. The 9th board of directors has a total of 7 members, including 3 independent directors and 4 non-independent directors (representing 43% and 57% of total board members, respectively); female directors represented 14% of the board. All directors possess adequate knowledge of the industry and global markets, and specialize in skills such as leadership, finance, accounting, decision-making, operational management, and crisis management.</p> <p>(2) The Company has assembled a Remuneration Committee and an Audit Committee, and set up a sustainability committee in 2024, with the chairman of the board of directors as the chairman to oversee the promotion of sustainable development affairs..</p> <p>(3) The Company has implemented Rules for Performance Evaluation of Board of Directors along with detailed assessment methods, and engages independent institutions,</p>	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
<p>yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation and nomination decisions?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>			<p>experts, and scholars from outside the organization to conduct evaluations at least once every three years. The Company has completed the performance evaluation of the board of directors in 2023, and the evaluation results were submitted to the board of directors on February 29, 2024, as the basis for review and improvement.</p> <p>(4) The Company evaluates the independence of its financial statement auditors on a regular basis, and adopts the practice of reappointing financial statement auditors every five years to ensure CPA's independence. The Company assesses the independence of its financial statement auditors on a regular basis. A shareholder service department has been assigned to make sure that the financial statement auditor neither holds shares in the Company nor assumes concurrent employment position in the Company. The Company evaluates the professional capacity, quality control, independence, and supervisory and innovative capabilities of its financial statement auditor based on the statement of CPA's role, responsibilities, and independence issued by PwC Taiwan and 13 AQIs. The CPA assessment was discussed and approved by the Audit Committee on February 29, 2024, and submitted to the board of directors for resolution on the same day.</p>	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		<p>The Company has designated the CEO Office as the concurrent corporate governance unit. On April 26, 2023, the Board appointed Manager Hsiao-Lin Chou as Head of Corporate Governance. Chou is responsible for matters related to corporate governance, including but not limited to providing directors with the information needed to perform their duties, handle matters related to the meetings of the Board of Directors and shareholders' meetings, register and change the registration of the Company, prepare minutes of the Board of Directors and shareholders' meetings, assist directors and supervisors in their appointment and continuing education, providing information necessary for directors and supervisors to perform their duties, and assist directors and supervisors in complying with laws and regulations.</p> <p>Business implementation in 2023 is as follows:</p> <ul style="list-style-type: none"> ● The Board members were regularly informed of the latest development of laws and regulations related to corporate governance. ● The operation of the board of directors and various functional committees was carried out in accordance with the law. ● Continuing education courses for directors were planned and executed. ● Purchased and maintained liability insurance for directors. ● Conducted the 2023 performance evaluation on the board of directors and each functional committee in accordance with the "Board of Directors Performance Evaluation Guidelines" established by the Company. ● Responsible for shareholders' meetings. 	None

Assessment Item	Implementation Status			Reason for Non-implementation																												
	Yes	No	Summary																													
			<ul style="list-style-type: none"> Executed the annual corporate governance evaluation indicator projects, and proposed analysis, review, improvement plans and corresponding measures. In 2023, all directors completed the 18 hours of continuing education as required by law. The continuing education is as follows: <table border="1"> <thead> <tr> <th>Date of continuing education</th> <th>Organizer</th> <th>Course name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2023.05.11</td> <td>Securities and Futures Institute</td> <td>Challenges and Opportunities of Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory</td> <td>3</td> </tr> <tr> <td>2023.06.02</td> <td>Taiwan Stock Exchange</td> <td>2023 Insider Trading Prevention Seminar</td> <td>3</td> </tr> <tr> <td>2023.07.13</td> <td>Taiwan Stock Exchange</td> <td>Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies</td> <td>3</td> </tr> <tr> <td>2023.08.24</td> <td>Securities and Futures Institute</td> <td>Corporate Governance Trends and the Company's Sustainable Development</td> <td>3</td> </tr> <tr> <td>2023.09.15</td> <td>Securities and Futures Institute</td> <td>How to Improve the Credibility of Corporate Sustainability Reports</td> <td>3</td> </tr> <tr> <td>2023.09.19</td> <td>Taiwan Corporate Governance Association</td> <td>Enterprise Carbon Rights and Carbon Asset Management Response Under the Operation of Global Carbon Trading Mechanism</td> <td>3</td> </tr> </tbody> </table>	Date of continuing education	Organizer	Course name	Hours	2023.05.11	Securities and Futures Institute	Challenges and Opportunities of Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory	3	2023.06.02	Taiwan Stock Exchange	2023 Insider Trading Prevention Seminar	3	2023.07.13	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies	3	2023.08.24	Securities and Futures Institute	Corporate Governance Trends and the Company's Sustainable Development	3	2023.09.15	Securities and Futures Institute	How to Improve the Credibility of Corporate Sustainability Reports	3	2023.09.19	Taiwan Corporate Governance Association	Enterprise Carbon Rights and Carbon Asset Management Response Under the Operation of Global Carbon Trading Mechanism	3	
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5. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has established channels for communication with the stakeholders, and has set up a stakeholder section on its official website for proper response to stakeholders' concerns on issues related to corporate social responsibility. (Stakeholders' grievance channels can be found at: “ https://tw.cyberlink.com/prog/company/ir-contact-details.jsp ”	None																												

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
6. Does the Company engage a stock transfer agent to handle shareholders' meeting affairs?	✓		The Company has always engaged a professional stock transfer agent, the Share Administration Department of Yuanta Securities Co., Ltd., to handle matters relating to shareholders' meetings.	None
7. Information disclosure (1) Has the Company established a website that discloses financial, business, and corporate governance-related information? (2) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)? (3) Does the Company publish and make an official filing of the annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	✓		(1) The Company has created a website to make timely disclosure of financial, business, and corporate governance-related information. (2) The Company has created an English website, assigned dedicated personnel to gather and disclose company information, enforced a spokesperson system, and adopted the practice of posting investor conferences on the company website for information disclosure. (3) The Company announced and reported the 2023 annual financial report on February 29, 2024, and announced the first, second, and third quarter and annual financial reports and the operating status of each month in accordance with the relevant regulations.	None
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk	✓		(1) Protection of employees' interests: The Company has established a safety and health code in accordance with worker safety and health regulations, and assigned the Human Resources Department to oversee workplace safety and personnel safety. Health checkups are organized on a yearly basis to provide total protection for employees' health and safety. (2) Environmental protection: The Company operates in the	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?			<p>information and software industry, and engages disc manufacturers and package manufacturers to produce discs and color packages for the products developed. The Company is not involved in manufacturing activities and therefore does not generate wastewater, exhaust, or industrial waste.</p> <p>Products of the Company are manufactured through subcontract arrangements. All suppliers have signed commitments not to use prohibited or restricted substances in their production activities, and to ensure that all final products provided to the Company have complied with environmental regulations in the EU.</p> <p>(3) Stakeholders' rights: In addition to appointing a spokesperson, the Company also discloses on its website the various grievance channels available to stakeholders. Furthermore, an Investors section has been created on the website to disclose financial, service, and product information (URL: http://www.cyberlink.com/).</p> <p>(4) Directors' ongoing education: All directors of the Company have completed ongoing education according to Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.</p> <p>(5) All directors of the Company are able to uphold the integrity and exercise their duties as prudent managers.</p> <p>(6) The Company has been purchasing liability insurance for directors and supervisors since 2002. The purchase of directors' liability insurance for 2023 was reported during the board of directors meeting held on October 25, 2023.</p> <p>(7) The Company convenes board of directors meetings at least once a quarter as a means to enhance corporate governance.</p> <p>(8) The Company convenes Remuneration Committee meetings at least twice a year.</p>	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
9. Please explain the improvements made based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not required if the Company is not one of the evaluated subjects)				
<p>(1) Improvement progress:</p> <p>(A) Board performance evaluation for 2023 has been completed</p> <p>(B) Uploaded the Shareholders' Meeting Handbook 30 days before the meeting, and uploaded the Annual Report 18 days before the meeting.</p> <p>(C) Internal rules have been established to prohibit directors, employees, and insiders from trading securities against non-public information; detailed terms and updates are being disclosed on the corporate website.</p> <p>(D) The Company will make detailed disclosure of employee welfare measures, pension system, and the implementation progress in annual reports and over the website</p> <p>(E) A whistleblowing system has been established to facilitate report of illegal and unethical conducts (including bribery) involving internal as well as external personnel; details of which have been disclosed on the corporate website</p> <p>(F) Depreciation method and useful years of property, plant, and equipment have been disclosed on the annual report</p> <p>(G) Disclosed the Company's material information in English in advance</p> <p>(H) Performed early greenhouse gas inventory and carbon reduction measures</p> <p>(II) Priority enhancements and measures</p> <p>Enforcement of corporate governance practices in accordance with laws</p> <p>Early preparation of the Sustainability Report</p>				

3.4.4. Composition, Responsibilities, and Operation of the remuneration:

1. The Company has a Remuneration Committee that is responsible for the regular review of directors' and managers' performance evaluation, the compensation policy, system, standards, and structure, and regular assessment and determination of compensations for directors and managers. Background information of committee members is as follows:

Role	Criteria Name	Professional qualifications and experience	Independence Analysis	Number of positions as Remuneration Committee member in other public companies
Independent director (Convener)	Yu Shen Lan	Graduated from the Master's and Doctoral programs of the Institute of Human Resource Management of the National Central University, and is a member of the Company's Audit Committee and Remuneration Committee; used to work in the human resources department of Citibank, Taiwan Applied Materials, and Altek Corp., and possessing rich experience in the industry and is well connected with the industry-related contacts.	<ul style="list-style-type: none"> (1) Not employed by the Company or any of its affiliated companies. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company. (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3). 	0
Independent director	Yean-Jen Shue	Master's degree in electrical engineering from UCLA, USA, and is a member of the Company's Audit Committee and Remuneration Committee; Chairman of FIC Global, Chairman of Ubiqconn Technology, Inc, Vice Chairman of 3CEMS Group, and Independent Director of Promate Electronic Co., Ltd., possessing the experience necessary for the Company's business, finance, accounting, and corporate affairs, which can improve the overall development of the Company and the supervisory function of the Audit Committee.	<ul style="list-style-type: none"> (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (6) Not a director, supervisor, or employee of any 	0

Independent director	Chien LEO Ming-TZ	<p>Master's degree in electrical engineering from UCLA, USA, and is a member of the Company's Audit Committee and Remuneration Committee; Chairman of FIC Global, Chairman of Ubiqconn Technology, Inc, Vice Chairman of 3CEMS Group, and Independent Director of Promate Electronic Co., Ltd., possessing the experience necessary for the Company's business, finance, accounting, and corporate affairs, which can improve the overall development of the Company and the supervisory function of the Audit Committee.</p>	<p>other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.</p> <p>(7) Does not assume concurrent duty as chairman, GM or equivalent role in the Company, and is not a director, supervisor, or employee of another company or institution owned by spouse.</p> <p>(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional who has provided audit services, or commercial, legal, financial, accounting or related services in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides the above service to the Company or its affiliated companies.</p> <p>(10) Not a spouse or relative of second degree or closer to any other directors.</p> <p>(11) Does not meet any of the conditions stated in Article 30 of The Company Act.</p> <p>(12) Not elected as a government or corporate representative according to Article 27 of The Company Act.</p>	0
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2. Functionality of the Remuneration Committee:

(1)The Company’s Remuneration Committee consists of 3 members.

(2)Duration of service: from June 20, 2023 to June 19, 2026. The Remuneration Committee held 4 meetings (A) in the most recent year; details of members’ attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Footnote
Convener	Yu Shen Lan	4	0	100%	Reappointed on June 20, 2023
Committee member	Yean-Jen Shue	2	0	100%	Newly elected on June 20, 2023
Committee member	Chien LEO Ming-TZ	2	0	100%	Newly elected on June 20, 2023
Committee member	Jimmy Yang-Tzong Tsay	1	1	50%	Stepped down on June 20, 2023
Committee member	Wen-Hsiang Hung	2	0	100%	Stepped down on June 20, 2023

Other mandatory disclosures:

(1) In the event where the Remuneration Committee’s proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board’s resolution, and how the Company had handled the Remuneration Committee’s opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None

(2) Should any member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the entire members’ opinions, and how their opinions were addressed: None

(3) Functionality of the Remuneration Committee in the most recent year:

Remuneration Committee Date/session	Motion details and subsequent actions taken	The final resolution and the Company's response to Remuneration Committee's opinions
7th meeting of the 4th committee 2023.3.7	<ul style="list-style-type: none"> ● 2022 director's and employee's remuneration. ● 2022 director remuneration. 	<p>Passed as proposed without objection from attending members when inquired by the chairperson.</p> <p>The Company's response to committee members' opinions: Not applicable.</p>
8th meeting of the 4th committee 2023.4.26	<ul style="list-style-type: none"> ● Managers' salary adjustment for 2023. 	
1st meeting of the 5th committee 2023.7.26	<ul style="list-style-type: none"> ● Elected committee member Yu Shen Lan as the convener and chair of the current Remuneration Committee. 	
2nd meeting of the 5th committee 2024.2.29	<ul style="list-style-type: none"> ● 2023 director remuneration and employee remuneration. ● 2023 director remuneration. 	

3.4.5. Sustainable development practices; deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
1. Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the board of directors and run by senior management, and how does the board supervise progress?	✓		The company has established a Sustainable Development Committee tasked with promoting sustainable development, overseen by the Board of Directors. The Chairman serves as the committee's chairperson, and the General Manager acts as the vice-chair. Each committee member identifies stakeholders based on their respective areas of responsibility and regularly reports on relevant implementation plans and performance to the General Manager and Chairman. At least once a year, the committee reports to the Board of Directors on sustainability issues and progress, including greenhouse gas inventories, information security, and intellectual property. The Board of Directors must review the progress of the strategy and urge the management team to make adjustments as necessary.	None
2. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	✓		All major policies, investment projects, asset acquisitions/disposals, endorsements, guarantees, third-party lending, and bank borrowing that pose business risks to the Company are subject to comprehensive assessment and analysis by responsible departments in accordance with relevant rules of the authority and the Company, and executed with board's resolution. Each department performs its own risk management process and is responsible for conducting preliminary assessments and making reports on risk management activities and outcomes.	None
3. Environmental issues (1) Has the Company developed an appropriate environmental	✓		The Company operates in the information and software industry, and engages disc manufacturers and package manufacturers to produce discs and color packages for the	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
management system, given its distinctive characteristics?			products developed. The Company is not involved in manufacturing activities and therefore does not generate wastewater, exhaust, or industrial waste. Products of the Company are manufactured through subcontract arrangements. All suppliers have signed commitments not to use prohibited or restricted substances in their production activities, and to ensure that all final products provided to the Company have complied with environmental regulations in the EU.	
(2) Is the Company committed to making efficient use of energy, and using renewable materials that produce less impact on the environment?	✓		The Company engages certified vendors to recycle waste, and promotes digital processes that encourage employees to make use of electronic files and documents, thereby reducing the need for paper. Waste sorting, recycling, and reduction measures are persistently enforced for environmental protection and energy conservation. The Company works with Perfect CyberLink Education Foundation regularly to donate secondhand clothes and organize charity auctions, which optimizes the utilization of available resources.	None
(3) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	✓		In addition to monitoring how climate change affects operations, the Company also reminds employees to turn off the power when appliances are not in use, reduce lighting in certain parts of the office, and adopt energy-efficient lighting where possible. Energy conservation practices are being enforced to minimize energy consumption and carbon footprint throughout the organization.	None

Assessment Item	Implementation Status			Reason for Non-implementation																
	Yes	No	Summary																	
(4) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing greenhouse gas, water, and waste?	✓		<p>The scope of the Company’s 2023 greenhouse gas inventory includes the parent company and subsidiaries. The Company does not engage in production activities and therefore does not generate emission from production activities or stationary sources. Use of gasoline for corporate vehicle (mobile sources) and coolant (dispersive sources) are the only sources of scope 1 emission. Purchased electricity (scope 2) is the main source of the Company’s greenhouse gas emissions. The statistical results of greenhouse gas emissions in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2022 (Headquarters)</th> <th>2023 (Headquarters)</th> <th>2023 (headquarters + subsidiaries)</th> </tr> </thead> <tbody> <tr> <td>scope 1</td> <td>About 15.36 tonsC02e</td> <td>About 17.35 tonsC02e</td> <td>About 18.25 tonsC02e</td> </tr> <tr> <td>scope 2</td> <td>About 418.94 tonsC02e</td> <td>About 448.08 tonsC02e</td> <td>About 470.50 tonsC02e</td> </tr> <tr> <td>scope 3</td> <td>About 283.96 tonsC02e</td> <td>About 279.34 tonsC02e</td> <td>About 292.35 tonsC02e</td> </tr> </tbody> </table> <p>As a support to the sustainability of our environment, the Company has initiated a decade-long plan starting from 2021 to progressively increase utilization of green energy by 10%, with the proportion of green electricity reaching 30% by 2024. It is expected that green electricity will be fully adopted in place of traditional electricity by 2030. By supporting the United Nation’s Sustainable Development Goals (SDGs), CyberLink demonstrates its resolve toward global environmental protection and social responsibilities.</p> <p>Office air conditioning and domestic water consumption make up the majority of water usage within the Company. Water usage in the last 2 years is shown below:</p>	Item	2022 (Headquarters)	2023 (Headquarters)	2023 (headquarters + subsidiaries)	scope 1	About 15.36 tonsC02e	About 17.35 tonsC02e	About 18.25 tonsC02e	scope 2	About 418.94 tonsC02e	About 448.08 tonsC02e	About 470.50 tonsC02e	scope 3	About 283.96 tonsC02e	About 279.34 tonsC02e	About 292.35 tonsC02e	None
Item	2022 (Headquarters)	2023 (Headquarters)	2023 (headquarters + subsidiaries)																	
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Assessment Item	Implementation Status			Reason for Non-implementation																
	Yes	No	Summary																	
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Waste	About 63.4 tons	About 77.6 tons	About 92.5 tons																	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			capita generation of general waste. Therefore, the carbon emissions from waste has increased slightly. As the Company is in a green industry, although waste emissions are not a major issue, we are committed to daily energy reduction and carbon reduction and green manufacturing. In addition to go completely digital in terms of internal company systems to achieve paperless internal process, we also develop in the direction of carbon reduction and environmental protection with respect to product packaging. We aim to reduce the amount of product waste by about 5% every year and gradually reduce the volume of optical discs and color boxes. By the end of 2022, the cumulative reduction in the production of retail color boxes was 57% and the use of optical discs was 63%, contributing significantly to environmental protection.	
4. Social issues (1) Has the Company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		The Company complies with employment regulations and observes international conventions on human rights issues such as gender equality and work rights. A set of “Human Rights Protection Policy” and work rules have been established for the protection of employees’ rights.	None
(2) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence, and other benefits), and appropriately reflected business performance or outcome in employees’ compensations?	✓		The Company offers favorable compensations and benefits, and pays incentive bonuses and remuneration to employees depending on business performance. Stock options are sometimes issued to employees as an incentive. An Employee Welfare Committee has been assembled to arrange benefits such as wedding subsidies, funeral subsidies, childbirth subsidies, club subsidies, and festive gifts/gift vouchers. The Company values workplace diversity, gender equality,	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			<p>equal pay, and equal promotion opportunities. In 2023, females accounted for 34.6% of staff and 18.2% of managers.</p> <p>Top-performing employees are offered favorable promotion opportunities, whereas bonuses, remuneration, and stock options are granted in close association with individual work performance.</p>	
(3) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		<p>The Company has established a safety and health code in accordance with worker safety and health regulations to maintain workplace safety and personnel safety. The Company arranges annual health checkups to monitor employees' physical and mental health. Safety awareness campaigns and disaster prevention seminars are organized from time to time to ensure that the work environment conforms to safety standards. There were no occupational injuries or fire incidents for employees in 2023.</p> <p>The Company tests the concentration of carbon dioxide in the working environment of employees and the water quality of drinking fountains every year, with professional institutions issuing reports. In June and August 2023, SGS completed the testing and issued a test report.</p>	None
(4) Has the Company implemented an effective training program that helps employees develop skills over their careers?	✓		<p>The Company organizes suitable training courses and allocates budgets on a yearly basis depending on employees' current work requirements and career development needs. These training arrangements cover orientation, special skills, and managerial training.</p>	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
(5) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implemented consumer/customer protection policies and complaint procedures?	✓		The Company complies with laws and international standards with respect to customers' health, safety, and privacy, marketing, and labeling in all products and services offered, and has implemented consumer protection policies and complaint procedures.	None
(6) Has the Company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	✓		The Company has implemented a "Supplier Management Policy" and requires suppliers to comply with environmental protection, occupational safety and health, and work rights/human rights issues, and considers suppliers having duly complied with requirements.	None
5. Does the Company prepare a sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or the opinion of a third-party certifier?		✓	Although the Company does not prepare a sustainability report, it discloses sustainability practices and progress in public documents such as the prospectus and annual reports.	None
6. If the Company has established sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None				

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
7. Other information useful to the understanding of sustainable practice: The Company coordinates with Perfect CyberLink Education Foundation to give back to society through action, and in doing so, fulfills social responsibilities. In 2023, CyberLink and Perfect CyberLink Educational Foundation jointly conducted the following: “Blood Drive”, “Magical Creative Camps” project (where employees traveled to junior high schools and elementary schools in remote areas to help underprivileged students learn and use multimedia software, which in turn narrows the urban-suburban divide), as well as “various charitable events”. The main tasks are as follows:				
Item		Key measurements		
1. Blood drive (blood donation for uninterrupted love)		917 people donated 1,364 bags of blood		
2. Arts, culture, and educational activities (including Magical Creative Camps)		Participant count: 1,783		
3. Donations to New Taipei City Dream Fund, Kanner Foundation of Taiwan, Chin-Ai Music & Culture Foundation, and BOYO Social Welfare Foundation, and sponsored the training and overseas competitions of the National Chushan Senior High School’s hockey team.		Total donations: NT\$3,100,120		
Aside from donating to non-profit organizations and sponsoring campus activities through Perfect CyberLink Education Foundation, the Company also offers employment opportunities to persons with disabilities out of compliance with government policies and support for social care. Furthermore, the Company continues to devote attention to core business activities and strives to explore ways to optimize revenues, work environment, and work conditions in favor of the employees.				

3.4.6. Implementation of climate-related information

Item	Execution status				
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and management.	The Company has instructed the Internal Audit, CEO Office and risk management representatives from various departments to form a main risk management organization, continue to pay attention to climate-related risks and opportunities, and report the status to the Board of Directors on a regular basis. The Board of Directors also authorizes senior management to be responsible for the implementation of climate-related strategies and plans, including climate risk assessment and progress reporting. By doing so, we are able to ensure that the Company has appropriate transparency and supervision in terms of climate governance.				
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).					
	Risk aspect	Risk description	Impact on business, strategy and finance	Opportunity	Countermeasure
	Short-term	Increased frequency of typhoons/floods	<ul style="list-style-type: none"> ● Assets damaged or value reduced ● Operating losses due to interruption of information equipment in the server room 	Respond early and take measures to reduce the probability of business interruption and loss	<ul style="list-style-type: none"> ● Real-time access to meteorological information and planning of corresponding preventive measures for different natural disasters ● Introduction of remote backup equipment and continuous system
Mid-to-long term	<ul style="list-style-type: none"> ● Temperature change (rise of temperature) ● Unstable energy supply ● Global energy surges 	<ul style="list-style-type: none"> ● Increased electricity consumption, resulting in higher operating costs 	Use of new energy technologies to reduce energy costs and establish a sustainable corporate image	<ul style="list-style-type: none"> ● Seek cheaper alternative energy and improve energy-conservation measures ● Assess and plan the establishment of solar power generation 	

Item	Execution status		
<p>3. Describe the financial impact of extreme climate events and transformation actions.</p>	Extreme climate events:		
	Aspect	Climate risk	Financial impact
	Immediate risk	Extreme weather (flood, typhoon)	<ul style="list-style-type: none"> ● Flood and typhoon: Power interruption or non-operability of self-used generators, resulting in personnel unable to work normally and damage to machinery and equipment ● High temperature and power shortage/fire: may cause damage to the office environment, resulting in damage to the equipment in the server room and interruption of related services.
	Long-term risk	Chronic climate change (rise of temperature)	Increased electricity consumption - unstable energy supply will cause the global energy to rise, and thus the operating cost will increase.
	Transformation actions:		
	Aspect	Description	Financial impact
Policies and regulations	International or government regulations to control greenhouse gas emissions and compulsorily check, report, and verify the Company's greenhouse gas emissions.	<ul style="list-style-type: none"> ● Inventory and report internal and external manpower expenses ● Penalty imposed for failure to report on time 	
Carbon tax	Tax system related to greenhouse gas emissions or climate change established internationally or by the government.	The government's proposed carbon fee will increase operating costs.	
Stakeholders	Stakeholder concerns and negative feedback	Given the global trend of net zero emissions, and the impact of government policies and regulations, stakeholders (e.g. customers) begin to prefer or reject specific products and services.	
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The highest decision-making body for risk management is the Board of Directors, which is responsible for reviewing and monitoring the operation of risk management. Each unit's risk management representatives and department heads conduct preliminary assessments on risk topics, propose corresponding strategies, and report them to the Internal Audit and the Chairman's Office. The CEO Office compiles risk management reports and reports them to the Board of Directors, where they are resolved and implemented.</p>		
<p>5. If a scenario analysis is used to assess the resilience to climate</p>	<p>The Company has not yet assessed the resilience in the face of climate change risks through scenario analysis.</p>		

Item	Execution status
change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	The Company currently has no climate-related risk transformation plan. In the future, the Company will make gradual plans in line with the government's policies and international trends.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	The Company is a software industry, not a manufacturing industry, which belongs to a green industry. The main carbon emission is the daily waste generated by employees. Therefore, the internal carbon pricing is not used as a planning tool at present.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or quantity or RECs offset should be explained.	Since 2017, with the transformation of major products shifted to subscription, the production volume of retail color boxes and the usage of optical discs have been reduced by 12% - 14% each year. From 2017 to 2022, the Company has reduced the production volume of boxed products by 57% and the use of optical discs by 63%. The Company also committed to gradually increasing the proportion of green power consumption by 10% for a period of ten years starting from 2021. The procurement of solar photovoltaic energy for 2022 exceeded 95,000 kWh (a total of 118 certificates purchased). A contract was signed in 2023 to use 139,000 kWh of solar photovoltaic energy (a total of 30 certificates as of June 2023), reduced 14.85 metric tons of CO ₂ e. The Company is expected to fully adopt green power to replace conventional power by 2030.
9. Greenhouse gas inventory and assurance	The Company has conducted the parent company's greenhouse gas inventory in accordance with the ISO 14064:2018 version since 2022. The inventory and internal verification of the parent company and subsidiaries were completed in 2023.

3.4.7. Performance of business integrity and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
<p>1. Establishment of integrity policies and solutions</p> <p>(1) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?</p> <p>(2) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to a higher risk of dishonesty, and implement preventions against dishonest conduct that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?</p> <p>(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conduct? Are the above measures reviewed and revised on a regular basis?</p>	✓		<p>(1) The Company has established the “Corporate Governance Code of Conduct,” “Ethical Corporate Management Best Practice Principles,” “Employee Code of Conduct,” “Whistleblowing Policy,” and “Insider Trading Prevention Procedures” to serve as guidance for employees. All business decisions are made in conformity with business integrity principles and in compliance with The Company Act, International Accounting Standards, International Financial Reporting Standards, Securities and Exchange Act, and regulations relevant to public listing.</p> <p>(2) The Company has established its own “Corporate Governance Code of Conduct” and “Ethical Corporate Management Best Practice Principles,” and has rules in place to regulate recusal from conflict of interest and prevent inappropriate dealings. Furthermore, awareness campaigns are organized on a regular basis to reinforce employees’ training.</p> <p>(3) The Company has also developed effective internal control systems and compliance practices to support business integrity.</p>	None
<p>2. Enforcement of business integrity</p> <p>(1) Does the Company evaluate the integrity of</p>	✓		<p>(1) The Company is a world-leading multimedia software</p>	None

Assessment Item	Implementation Status			Reason for Non-implementation		
	Yes	No	Summary			
<p>all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(2) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conduct) to the board of directors on a regular basis (at least once a year)?</p>			<p>developer. All of its major customers are world’s reputable hardware providers, and the Company avoids dealing with counterparties that exhibit a history of dishonesty.</p> <p>(2) The Company has designated the CEO Office as a concurrent unit to promote corporate integrity management. In accordance with the duties and responsibilities of each unit, we assist the Board of Directors and the management in formulating integrity management policies and prevention plans and integrity policies. At present, the Company has formulated the “Corporate Governance Code of Conduct”, the “Ethical Corporate Management Best Practice Principles”, the “Employee Code of Conduct”, “Whistleblowing Management Regulations”, and the “Prevention of Insider Trading Procedures”, which are all publicly disclosed on the Company’s official website.</p> <p>The Company’s integrity management policy for 2023 and its implementation are as follows and were reported to the Board of Directors on February 29, 2024.</p>			
			Execution item		Execution policy	Execution status
			Education and training		Through regular education and integrity training courses, the Company has enhanced employees’ awareness of integrity matters.	As of 2023, a total of 429 people have participated in the Ethical Corporate Management Best Practice Principles training courses, with a total of 50 hours.

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
(3) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?			Supplier Pledge	100% of the Company's major suppliers have signed the "Integrity Pledge" and "Environmental Pledge".
			Regular audits	No corruption or anti-competitive behavior occurred in 2023.

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
<p>(4) Has the Company implemented an effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?</p> <p>(5) Does the Company organize internal or external training on a regular basis to maintain business integrity?</p>			<p>Whistleblower System and Whistleblower Protection</p> <p>Formulate the "Whistleblowing Management Regulations" to specify the whistleblowing process and the review unit to encourage internal and external personnel to report dishonest behavior or misconduct. We have also established a whistleblower protection system to protect the identity and content of whistleblowers from being improperly disposed of because of their whistleblowing actions.</p> <p>No whistleblower cases occurred in 2023.</p>	
			<p>(3) The Company has outlined recusal rules as part of its "Ethical Corporate Management Best Practice Principles," which state that directors are not allowed to participate in the discussion or voting of Board of Directors motions that concern their own interests or the interests of the corporate entities they represent. Not only are they required to recuse from discussion and voting, they must also refrain from exercising voting rights on behalf of other directors. Directors and managers of the Company must not exploit their vested authorities for improper gains, whether for themselves or for spouse, parents, children, or any other parties.</p> <p>(4) The Company has developed an effective accounting system and internal control system, and assigned an internal audit unit to conduct independent audits, enforce system function,</p>	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			<p>and monitor/prevent dishonest conducts. Both systems and audit practices are being properly executed. Internal auditors would review the design and execution of the above systems on a regular basis, and present relevant reports issuance by the Board of Directors.</p> <p>(5) All concerned personnel actively take part in internal and external business integrity training. In 2023, business integrity courses received 429 enrollments and delivered 50 hours of training in total.</p>	
<p>3. Whistleblowing system</p> <p>(1) Does the Company provide incentives and means for employees to report misconduct? Does the Company assign dedicated personnel to investigate the reported misconduct?</p> <p>(2) Has the Company implemented any standard procedures for handling reported misconduct, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?</p> <p>(3) Has the Company provided proper whistleblower protection?</p>	✓		<p>(1) The Company has established a “Whistleblowing Policy” that outlines available whistleblowing channels as well as disciplinary actions against integrity violations and a grievance system. Dedicated personnel have been assigned to handle related requests.</p> <p>(2) The “Whistleblowing Policy” outlines standard procedures for handling reported misconducts and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation</p> <p>(3) The Company’s whistleblowing system is deemed to have been properly executed. Furthermore, measures have been taken to maintain the secrecy of whistleblower identities and to protect them from retaliation.</p>	None
<p>4. Enhanced information disclosure</p> <p>Has the Company disclosed integrity principles and progress on its website and MOPS?</p>	✓		<p>The Company has disclosed the terms of its Business Integrity Code of Conduct and execution progress on the corporate website and MOPS.</p>	None
<p>5. If the Company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles: None.</p>				

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
6. Other information useful to the understanding of integrity in business dealings:				
<p>The Company makes all business decisions in conformity with business integrity principles and in compliance with The Company Act, International Accounting Standards, International Financial Reporting Standards, Securities and Exchange Act, and regulations relevant to public listing. The Company has established its own Corporate Governance Code of Conduct and Ethical Corporate Management Best Practice Principles, and outlined recusal practices in “Rules of Procedure for Board of Directors’ Meeting” that allow directors to express opinions and answer queries, but prohibit them from discussing and voting, on any motion that poses a conflict between the Company’s interests and interests of the director or the corporate entity they represent. In which case, the directors concerned may not exercise voting rights on behalf of other directors. The Company has developed effective and sustainable internal controls and compliance systems to enforce business integrity. Internal auditors would review the design and execution of the above systems on a regular basis, and present relevant reports to the board of directors. External auditors (CPAs), too, issue internal control recommendations based on audit findings to provide a useful reference to the Company on the improvement of the internal control system.</p> <p>The Company has implemented a spokesperson system to ensure the consistency of messages communicated with the public, and to address the public’s queries regarding the Company’s operations in a complete and efficient manner. The Company’s directors, managers, employees, and controllers are prohibited from offering, committing, requesting or accepting any illegitimate benefits, or involving in any conduct that would be construed as dishonest, illegal or in breach of trust, whether directly or indirectly, while carrying out their duties. Parties referred to in the preceding paragraph include civil servants, election candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees or substantive controllers or other stakeholders.</p>				

3.4.8. If the Company has established corporate governance principles or related guidelines, references to such principles must be disclosed: The Company discloses the terms of its Corporate Governance Code of Conduct and related information continuously over the corporate website (<http://tw.cyberlink.com>).

3.4.9. Other important information material to the understanding of corporate governance within the Company:

1. The board meeting organizer assigns employees to corporate governance courses from time to time, and provides directors and managers with information on the latest regulations.
2. The Company has the following employees that are relevant to the transparency of financial information: one IIA-affiliated Certified Internal Auditor (CIA), one Certified Public Accountant, two Securities Investment Analysts, one Futures Trading Analyst, one AML and CTF Specialist, one Trust Service Personnel, one Stock Affairs Specialist, one Certified Financial Planner, one Senior Securities Specialists, one Foreign Exchange Specialist.
3. The Company has developed robust practices on the handling and disclosure of material insider information to ensure the completeness and accuracy of information released to the outside world. A set of “Insider Trading Prevention Procedures” was established and was announced on July 26, 2022 for compliance by managers and staff. The terms of which are also being communicated to new recruits at a higher intensity.
4. Managers’ corporate governance training: Managers of the Company are given the option to choose training courses that best meet their professional requirements and the requirements of the authority. Managers’ participation in corporate governance training:

Name	Position	Training details	
		Training institution	Course name
Finance Manager and Head of Accounting Ruby Hsiao	Accounting Research and Development Foundation of the R.O.C.	Use of Objectives and Key Results (OKR) to Improve Corporate Governance Effectiveness	3
		Q&A on the Latest Financial and Accounting Regulations and Standards, and Analysis of Common Deficiencies in Financial Reports	3
		Risk Management and Internal Control Practices Under the ESG Wave	3
		Common "Tax Planning" Strategies of Enterprises and Analysis of Related Laws	3
Audit Manager Tzu-Chiang Cheng	The Institute of Internal Auditors-Chinese Taiwan	Policy Analysis of “Self-Preparation of Financial Reports” and “Sustainability Reporting” and Seminar on Key Practices of Internal Audit and Control (including “Action Plan for Sustainable Development of TWSE/TPEX Listed Companies (2023)”))	6
	The Institute of Internal Auditors-Chinese Taiwan	Risk-oriented Internal Audit Methods and Practices	6

3.4.10. Execution of internal control system

1. Declaration of Internal Control System:

CyberLink Corp.

Declaration of Internal Control System

Date: March 24, 2024

Based on the results of the self-assessment, the Company's internal control system for the year 2023 is stated as follows:

1. The Company acknowledges and understands that the establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure the achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.
4. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including supervision and management of subsidiaries) has provided assurances with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission in the public statement above is subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration was passed unanimously without objection by all 7 directors present at the board meeting dated March 27, 2024.

CyberLink Corp.

Chairman: Jau Huang

GM: Mei Guu Vincent Lin

2. CPA's review of the internal control system: Not applicable.

3.4.11. Penalties imposed against the Company for regulatory violation, or penalties against insiders for violation of internal control system in the most recent year up until the publication date of annual report; describe areas of weakness and any corrective actions taken: None.

3.4.12. Major resolutions passed in shareholders' meetings and board of directors meetings held in the most recent year up until the publication date of annual report:

1. The Company held its 2023 annual general meeting on June 20, 2023 at The Koos Suite located in Xindian. Resolutions passed by shareholders during the meeting and the execution progress:

Resolutions of Shareholder's Meeting	Execution status
1. Acknowledgment of 2022 business report and year-end accounts. 2. Acknowledgment of 2022 earnings appropriation. 3. Election of new directors. 4. Passed the lifting of non competition restrictions for directors and their representatives	1. Minutes of the 2023 annual general meeting have been distributed to shareholders according to laws. 2. The distribution of cash dividends was completed on August 31, 2023. 3. Seven seats of directors were re-elected and the registration completed on July 6, 2023 4. Announcements have been made in accordance with laws

2. Significant resolutions made by the board of directors in 2023 and up until the publication date of annual report are summarized below:

	Time of meeting	Major resolutions
2023 1st meeting	March 7, 2023	1. Passed 2022 director remuneration and employee remuneration. 2. Passed the 2022 remuneration to directors. 3. Acknowledged 2022 financial statements and business report. 4. Passed the independence assessment, suitability assessment, and compensation of financial statement auditors for 2023. 5. Passed to engage the Company's auditing firm (i.e. PwC Taiwan) and CPAs and related enterprises thereof for non-assurance services to the Company and subsidiaries.
2023 2nd meeting	March 28, 2022	1. Passed the 2022 earnings distribution proposal. 2. 2022 Declaration of Internal Control System. 3. Passed comprehensive re-election of the Company's directors. 4. Passed the decision to convene the 2023 annual general meeting at 9:00am, June 20, 2023

	Time of meeting	Major resolutions
		(Tuesday) at 2F, No. 219-2, Section 3, Zhongxing Section, Xindian District, New Taipei City (The Koos Suite).
2023 3rd meeting	April 26, 2023	<ol style="list-style-type: none"> 1. Passed the Company's 2023 first quarter financial statements. 2. Passed the Managers' salary adjustment. 3. Passed the nomination and review of the list of candidates for directors and independent directors for the 2023 annual general meeting. 4. Passed the motion to request the annual general meeting to lift the non-compete restriction on the newly elected directors and their representatives. 5. Passed the appointment of the Company's Corporate Governance Officer.
2023 4th meeting	June 20, 2023	<ol style="list-style-type: none"> 1. Passed the re-election of the Company's Chairman. 2. Passed the appointment of Remuneration Committee members.
2023 5th meeting	July 26, 2023	<ol style="list-style-type: none"> 1. Passed the Company's 2023 first-half financial statements. 2. Passed the distribution of cash dividends. 3. Passed the amendments to the Company's "Rules of Procedure for board of directors Meetings".
2023 6th meeting	October 25, 2023	<ol style="list-style-type: none"> 1. Passed the Company's 2023 Q1-Q3 financial statements. 2. Passed the review of audit fees of CPAs for 2024. 3. Passed the appointment of the GM of the Company 4. Passed the Company's 2024 audit plan. 5. Passed the decision to donate to Perfect CyberLink Education Foundation.
2024 1st meeting	February 29, 2024	<ol style="list-style-type: none"> 1. Passed 2023 director remuneration and employee remuneration. 2. Passed the 2023 remuneration to directors. 3. Passed review of the Company's 2023 financial statements and business report. 4. Passed the Independence assessment, suitability assessment. 5. Passed the lease of offices.
2024 2nd meeting	March 27, 2024	<ol style="list-style-type: none"> 1. Passed the 2023 earnings distribution proposal. 2. Passed the 2023 Declaration of Internal Control System. 3. Passed the motion to amend the Company's "Audit Committee Charter". 4. Passed the amendments to the Company's "Rules of Procedure for board of directors Meetings". 5. Passed the Amendments to the Company's "Rules of Procedure of Shareholders' Meeting". 6. Passed the date and details relating to the Company's 2024 annual general meeting.

3.4.13. Documented opinions or declarations made by directors against board resolutions in the most recent year, up until the publication date of the annual report: None

3.4.14. Resignation or discharge of personnel relevant to Company's financial reporting (including the Chairman, GM, head of accounting, CFO, chief internal auditor, and head of R&D) in the most recent year up till the publication date of this annual report:

March 31, 2024

Position	Name	Date onboard	Date departed	Reasons for resignation or dismissal
GM	Jau Huang	2015/09/25	2023/12/01	Job rotation

3.5. Certified Public Accountant (CPA) Fees Information

3.5.1. Information on CPA's Fees

Unit: NT\$ thousands

Name of accounting firm	Name of CPA	Period of audit service	Auditing fee	Non-auditing fee	Total	Remarks
PwC Taiwan	Huang, Chin-Lien	2023Q1 to 2023Q4	3,675	1,070	4,745	The non-audit fee primarily consist of expenses related to tax compliance and certifications.
	Lai, Chung-Hsi					

3.5.2. If the accounting firm changes, and the audit fee paid in the year of such change is reduced from the audit fee of the previous year, the amounts of the audit fees before and after such change and the reason of such change should be disclosed: None.

3.5.3. If the audit fee is reduced by more than 10% from the previous year, the amount, ratio, and reason for the reduction of the audit fee should be disclosed: None.

3.6. Information on replacement of CPA in the past two years

3.6.1. Information relating to the former CPA

Date of replacement	2022Q1
Reasons and explanations of replacement	Replacement of CPA Chun-Yao Lin, following an internal adjustment within PwC Taiwan
State whether the appointment is terminated or rejected by the consignor or CPAs	Not applicable.
The opinions other than unmodified opinion in the last 2 years and the reasons for the said opinions	None
Any disagreement in opinion with the issuer	Not applicable.
Supplementary disclosure	None

3.6.2. Information relating to the successor CPA

Name of accounting firm	PwC Taiwan
Name of CPA	CPA Huang, Chin-Lien
Date of engagement	2022Q1
Prior to the formal engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report	None
Written opinions from the successor CPA that are different from the former CPA opinions	None

3.6.3. The reply of Former CPA Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

3.6.4. Evaluation of the external auditor's independence

The Audit Committee annually monitors the independence of the Company's external by conducting the following evaluation standards and reports the same to the board of directors:

- (1) The auditor's independence declaration.
- (2) The auditor neither holds shares in the Company nor assumes concurrent employment position in the Company.
- (3) Audit Quality Indicators (AQIs)

3.7. Any of the Company's Chairman, CEO, GM or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year

None.

3.8. Details of shares transferred or pledged by directors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report

Unit: thousand shares

Title	Name	2023		Current year up to March 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Jau Huang	0	0	0	0
Director Major shareholder with 10% ownership	ClinJeff Corp.	0	0	0	0
Director	Representative: Alice H. Chang	0	0	0	0
	Representative: Ying-Lun Hai	0	0	0	0
Director	Rocky Mountain Investment Ltd.	0	0	0	0
	Representative: Yi-Chen Huang	0	0	0	0
Independent director	Yean-Jen Shue Newly elected on June 20, 2023	0	0	0	0
Independent director	Chien LEO Ming-TZ Newly elected on June 20, 2023	0	0	0	0
Independent director	Yu Shen Lan	0	0	0	0
Independent director	Wen-Hsiang Hung Stepped down on June 20, 2023	0	0	NA	NA
Independent director	Jimmy Yang-Tzong Tsay Stepped down on June 20, 2023	0	0	NA	NA
GM	Mei Guu	(271)	0	0	0
GM	Vincent Lin	(40)	0	0	0
Senior Vice President	David Lee	(46)	0	(68)	0
Vice President	YW Lei	0	0	0	0
Assistant Vice President	Hilda Peng	(20)	0	0	0
Head of Accounting	Ruby Hsiao	0	0	0	0

Disclosure of share transfer or collateralization where the counterparty is a related party: None.

3.9. Relationship among the Top Ten Shareholders

April 21, 2024

Name	Personal shareholding		Spouse & Minor Shareholding		Total shareholding in the name of a third party		Relationships characterized as spouse or second-degree relative or closer among top-ten shareholders		Note
	Shares (units)	%	Shares (units)	%	Shares (units)	%	Name (or Name)	Relationship with the counterparty	
ClinJeff Corp.	12,176,497	15.42%	0	0	0	0	Alice H. Chang	The subject company's major shareholder	
Alice H. Chang	7,862,716	9.96%	2,797,910	3.54%	0	0	ClinJeff Corp.	The subject company's major shareholder	
							Jau Huang	Spouse	
							Yi-Chen Huang	Mother-son	
Jau Huang	2,797,910	3.54%	7,862,716	9.96%	0	0	Alice H. Chang	Spouse	
							Yi-Chen Huang	Father-son	
Yi-Chen Huang	1,756,615	2.23%	0	0	0	0	Jau Huang	Father-son	
							Alice H. Chang	Mother-son	
Jui-Hsing Huang	1,143,000	1.45%	0	0	0	0	None	None	
Rhine Investment Ltd.	1,016,424	1.29%	0	0	0	0	Alice H. Chang	The subject company's major shareholder	
Changbai Mountain Investment Ltd.	781,707	0.99%	0	0	0	0	Alice H. Chang	The subject company's major shareholder	
Meng-Lun Xie	698,000	0.88%	0	0	0	0	None	None	
Mercer QIF Fund Plc-Mercer Investment Fund 1 - Firth Investment Management Pte. Ltd. as external fund manager	681,000	0.86%	0	0	0	0	None	None	
Teachers' Retirement System of the State of Illinois	654,000	0.83%	0	0	0	0	None	None	

3.10. Investments jointly held by the Company, the Company’s directors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

Unit: shares; %

Business investments (Note)	Held by the Company		Held by directors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	Number of shares	%	Number of shares	%	Number of shares	%
CyberLink.Com Corp.	4,000,000	100%	None	None	4,000,000	100%
CyberLink International Technology Corp.	44,000,000	100%	None	None	44,000,000	100%
CyberLink Inc.	1,900	100%	None	None	1,900	100%
Perfect Corp.	None	None	36,960,961	36.29%	36,960,961	36.29%

Note: Investments that the Company has accounted for using the equity method

4. Capital Overview

4.1. Capital and Shares

4.1.1. Source of Capital:

1. Source of share capital:

Unit: NT\$ thousands; thousand shares

Year/ month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital Increase by Assets Other than Cash	Others
1998.09	18.53	25,000	250,000	7,000	70,000	Cash and cash equivalents	None	None
1999.05	10	25,000	250,000	8,400	84,000	Capitalization of earnings	None	None
1999.05	10	25,000	250,000	11,900	119,000	Capitalization of capital surplus	None	None
2000.08	10	25,000	250,000	17,850	178,500	Capitalization of earnings	None	None
2000.08	10	25,000	250,000	19,314	193,137	Capitalization of capital surplus	None	None
2000.08	10	25,000	250,000	20,000	200,000	Capitalization of employee profit sharing	None	None
2001.01	210	25,000	250,000	22,685	226,850	Cash issue	None	November. 1, 2010 Tai-Tsai-Cheng- (1)-88178 Dec. 1, 2000 Tai-Tsai-Cheng- (1)-97357
2001.06	10	100,000	1,000,000	34,027.5	340,275	Capitalization of capital surplus	None	May 30, 2001 Tai-Tsai-Cheng- (1)-133405
2001.06	10	100,000	1,000,000	35,330	353,300	Capitalization of employee profit sharing	None	May 30, 2001 Tai-Tsai-Cheng- (1)-133405
2002.06	10	100,000	1,000,000	48,710	487,100	Capitalization of earnings, employee profit sharing, and capital surplus	None	June 27, 2002 Tai-Tsai-Cheng- (1)- 0910135184
2003.03	90	100,000	1,000,000	48,713	487,133	Conversion of convertible bonds into shares	None	August 30, 2003 Jing-Shou-Shang- 09201260800
2003.06	10 74.3	100,000	1,000,000	59,197	591,971	Conversion of earnings, employee profit sharing, and convertible bonds into shares	None	June 20, 2003 Tai-Tsai-Cheng- (1)-0920127506
2003.09	74.3	100,000	1,000,000	60,709	607,093	Conversion of convertible bonds into shares	None	September 15, 2003 Jing-Shou-Shang - 09201269190
2003.11	74.3	100,000	1,000,000	63,371	633,714	Conversion of convertible bonds into shares	None	November 12, 2003 Jing-Shou-Shang - 09201312100
2004.02	74.3	100,000	1,000,000	67,764	677,642	Conversion of convertible bonds into shares	None	February 23, 2004 Jing-Shou-Shang 09301027310
2004.05	74.3	100,000	1,000,000	68,521	685,219	Conversion of convertible bonds into shares	None	May 6, 2004 Jing-Shou-Shang 09301077220
2004.07	74.3	100,000	1,000,000	68,538	685,381	Conversion of convertible bonds into shares	None	July 29, 2004 Jing-Shou-Shang 09301132540
2004.10	74.3	100,000	1,000,000	84,861	848,606	Conversion of earnings, employee profit sharing, and convertible bonds into shares	None	October 19, 2004 Jing-Shou-Shang 09301197590
2005.07	58.6-62.2	101,000	1,010,000	85,740	857,395	Conversion of convertible bonds into shares and exercise of employee stock option	None	July 14, 2005 Jing-Shou-Shang 09401124820

Unit: NT\$ thousands; thousand shares

Year/ month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital Increase by Assets Other than Cash	Others
2005.10		140,000	1,400,000	96,651	966,518	Capitalization of earnings and employee profit sharing	None	October 6, 2005 Jing-Shou-Shang 09401195800
2005.12	48.3~65.1	140,000	1,400,000	97,215	972,150	Exercise of employee stock option	None	December 13, 2005 Jing-Shou-Shang 09401256770
2006.4	48.3~65.1	140,000	1,400,000	97,479	974,793	Exercise of employee stock option	None	April 28, 2006 Jing-Shou-Shang 09501078040
2006.9	48.3~54.0	140,000	1,400,000	97,798	977,982	Exercise of employee stock option	None	September 15, 2006 Jing-Shou-Shang 09501207510
2006.10	41.1~46.4	140,000	1,400,000	102,347	1,023,471	Capitalization of earnings and employee profit sharing	None	October 2, 2006 Jing-Shou-Shang 09501222330
2006.11	41.1~46.4	140,000	1,400,000	102,613	1,026,128	Exercise of employee stock option	None	November 10, 2006 Jing-Shou-Shang 09501253910
2007.4	41.1~46.4	140,000	1,400,000	102,833	1,028,333	Exercise of employee stock option	None	April 10, 2007 Jing-Shou-Shang 09601070800
2007.5	41.1~46.4	140,000	1,400,000	102,867	1,028,667	Exercise of employee stock option	None	May 22, 2007 Jing-Shou-Shang 09601103860
2007.8	41.1~46.4	140,000	1,400,000	103,146	1,031,462	Exercise of employee stock option	None	August 24, 2007 Jing-Shou-Shang 09601207310
2007.9		140,000	1,400,000	107,029	1,070,294	Capitalization of earnings and employee profit sharing	None	September 29, 2007 Jing-Shou-Shang 09601239270
2007.11	33.1~38.3	140,000	1,400,000	107,039	1,070,391	Exercise of employee stock option	None	November 14, 2007 Jing-Shou-Shang 09601277520
2008.3	33.1~38.3	140,000	1,400,000	107,225	1,072,253	Exercise of employee stock option	None	March 6, 2008 Jing-Shou-Shang 09701054930
2008.4	33.1~38.3	140,000	1,400,000	107,474	1,074,743	Exercise of employee stock option	None	May 15, 2008 Jing-Shou-Shang 09701112980
2008.7	33.1~38.3	140,000	1,400,000	107,516	1,075,159	Exercise of employee stock option	None	August 25, 2008 Jing-Shou-Shang 09701213670
2008.9		140,000	1,400,000	112,278	1,122,780	Capitalization of earnings and employee profit sharing	None	October 1, 2008 Jing-Shou-Shang 09701251350
2009.3	24.4~29.2	140,000	1,400,000	112,633	1,126,335	Exercise of employee stock option	None	March 12, 2009 Jing-Shou-Shang 09801046520
2009.4	24.4~29.2	140,000	1,400,000	112,952	1,129,516	Exercise of employee stock option	None	May 15, 2009 Jing-Shou-Shang 09801096950
2009.8	24.4~29.2	140,000	1,400,000	113,125	1,131,250	Exercise of employee stock option	None	August 6, 2009 Jing-Shou-Shang 09801176600
2009.9		140,000	1,400,000	115,596	1,155,964	Capitalization of earnings and employee profit sharing	None	September 25, 2009 Jing-Shou-Shang 09801221850
2009.11	21.2	140,000	1,400,000	115,627	1,156,267	Exercise of employee stock option	None	November 11, 2009 Jing-Shou-Shang 09801262570
2010.3	21.2	140,000	1,400,000	115,705	1,157,048	Exercise of employee stock option	None	March 16, 2010 Jing-Shou-Shang 09901049760

Unit: NT\$ thousands; thousand shares

Year/ month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital Increase by Assets Other than Cash	Others
2010.4	212-1016	140,000	1,400,000	115,924	1,159,243	Exercise of employee stock option	None	May 18, 2010 Jing-Shou-Shang 09901101630
2010.6	21.2	161,000	1,610,000	116,305	1,163,045	Exercise of employee stock option	None	August 26, 2010 Jing-Shou-Shang 09901193810
2010.10		161,000	1,610,000	117,684	1,176,837	Capitalization of earnings and employee profit sharing	None	October 1, 2010 Jing-Shou-Shang 09901221660
2011.3	94.1	161,000	1,610,000	117,740	1,177,398	Exercise of employee stock option	None	April 15, 2011 Jing-Shou-Shang 10001075100
2011.8	54.8	161,000	1,610,000	117,899	1,178,990	Exercise of employee stock option	None	August 24, 2011 Jing-Shou-Shang 10001197630
2011.8		161,000	1,610,000	94,351	943,507	Capital reduction for cash	None	August 24, 2011 Jing-Shou-Shang 10001197630
2013.9		161,000	1,610,000	100,012	1,000,118	Capitalization of capital surplus	None	September 3, 2013 Jing-Shou-Shang 1020118106
2013.11	59.2	161,000	1,610,000	100,143	1,001,429	Exercise of employee stock option	None	November 12, 2013 Jing-Shou-Shang 10201231940
2014.4	59.2	161,000	1,610,000	100,147	1,001,473	Exercise of employee stock option	None	April 10, 2014 Jing-Shou-Shang 10301061700
2014.6	59.2	161,000	1,610,000	100,156	1,001,557	Exercise of employee stock option	None	June 6, 2014 Jing-Shou-Shang 10301103000
2014.11	55	161,000	1,610,000	100,171	1,001,706	Exercise of employee stock option	None	November 21, 2014 Jing-Shou-Shang 10301235600
2015.3	55	161,000	1,610,000	100,238	1,002,383	Exercise of employee stock option	None	March 16, 2015 Jing-Shou-Shang 10401046350
2015.5	55	161,000	1,610,000	100,380	1,003,802	Exercise of employee stock option	None	May 27, 2015 Jing-Shou-Shang 10401094400
2015.8	55	161,000	1,610,000	100,549	1,005,487	Exercise of employee stock option	None	August 13, 2015 Jing-Shou-Shang 10401168830
2015.11	49.8	161,000	1,610,000	101,144	1,011,443	Exercise of employee stock option	None	November 18, 2015 Jing-Shou-Shang 10401243820
2016.1		161,000	1,610,000	96,765	967,653	Retirement of treasury stock	None	January 15, 2016 Jing-Shou-Shang 10501006440
2016.3	49.8	161,000	1,610,000	96,795	967,950	Exercise of employee stock option	None	March 14, 2016 Jing-Shou-Shang 10501050150
2016.5	49.8	161,000	1,610,000	96,855	968,547	Exercise of employee stock option	None	May 17, 2016 Jing-Shou-Shang 1050199710
2016.8	49.8	161,000	1,610,000	96,880	968,797	Exercise of employee stock option	None	August 17, 2016 Jing-Shou-Shang 10501204050
2016.11	47	161,000	1,610,000	96,886	968,860	Exercise of employee stock option	None	November 16, 2016 Jing-Shou-Shang 10501267780

Unit: NT\$ thousands; thousand shares

Year/ month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital Increase by Assets Other than Cash	Others
2017.3	47	161,000	1,610,000	92,359	923,590	Retirement of treasury stock, exercise of employee stock option	None	March 23, 2017 Jing-Shou-Shang 10601034470
2017.5	47	161,000	1,610,000	92,389	923,890	Exercise of employee stock option	None	May 18, 2017 Jing-Shou-Shang 10601064720
2017.8	47	161,000	1,610,000	86,915	869,150	Retirement of treasury stock, exercise of employee stock option	None	August 29, 2017 Jing-Shou-Shang 10601118910
2017.12	49.6	161,000	1,610,000	87,071	870,710	Exercise of employee stock option	None	December 5, 2017 Jing-Shou-Shang 10601161840
2018.4	45.7~49.6	161,000	1,610,000	87,160	871,600	Exercise of employee stock option	None	April 3, 2018 Jing-Shou-Shang 10701030110
2018.4		161,000	1,610,000	84,161	841,610	Retirement of treasury stock	None	April 12, 2018 Jing-Shou-Shang 10701039050
2018.5	45.7~49.6	161,000	1,610,000	84,597	845,970	Exercise of employee stock option	None	May 29, 2018 Jing-Shou-Shang 10701057290
2018.9	45.7~49.6	161,000	1,610,000	84,769	847,690	Exercise of employee stock option	None	September 14, 2018 Jing-Shou-Shang 10701105310
2018.11	48.4	161,000	1,610,000	84,914	849,140	Exercise of employee stock option	None	November 21, 2018 Jing-Shou-Shang 10701142870
2019.3	48.4	161,000	1,610,000	83,585	835,850	Retirement of treasury stock, exercise of employee stock option	None	March 25, 2019 Jing-Shou-Shang 10801031280
2019.5	48.4	161,000	1,610,000	83,684	836,840	Exercise of employee stock option	None	May 21, 2019 Jing-Shou-Shang 10801058390
2019.9	48.4	161,000	1,610,000	83,858	838,580	Exercise of employee stock option	None	September 5, 2019 Jing-Shou-Shang 10801116230
2019.12	46.6	161,000	1,610,000	84,352	843,528	Exercise of employee stock option	None	December 2, 2019 Jing-Shou-Shang 10801168040
2020.3	46.6	161,000	1,610,000	84,656	846,565	Exercise of employee stock option	None	March 13, 2020 Jing-Shou-Shang 10901042150
2020.5	46.6	161,000	1,610,000	84,923	849,231	Exercise of employee stock option	None	May 22, 2020 Jing-Shou-Shang 10901083830
2020.8	46.6	161,000	1,610,000	83,918	839,183	Retirement of treasury stock, exercise of employee stock option	None	August 31, 2020 Jing-Shou-Shang 10901158060
2020.11		161,000	1,610,000	82,418	824,183	Retirement of treasury stock	None	November 9, 2020 Jing-Shou-Shang 10901207080
2020.11	45.2	161,000	1,610,000	82,485	824,853	Exercise of employee stock option	None	November 18, 2020 Jing-Shou-Shang 10901214560
2021.1		161,000	1,610,000	80,485	804,853	Retirement of treasury stock	None	January 21, 2021 Jing-Shou-Shang 11001011630
2021.3	45.2	161,000	1,610,000	80,636	806,363	Exercise of employee stock option	None	March 16, 2021 Jing-Shou-Shang 11001044700

Unit: NT\$ thousands; thousand shares

Year/ month	Issued price	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital Increase by Assets Other than Cash	Others
2021.04		161,000	1,610,000	78,636	786,363	Retirement of treasury stock	None	April 19, 2021 Jing-Shou-Shang 11001065200
2021.05	45.2	161,000	1,610,000	78,793	787,933	Exercise of employee stock option	None	May 31, 2021 Jing-Shou-Shang 11001085870
2021.08	44	161,000	1,610,000	78,843	788,433	Exercise of employee stock option	None	August 30, 2021 Jing-Shou-Shang 11001151400
2021.12	44	161,000	1,610,000	77,088	770,883	Exercise of employee stock option Retirement of treasury stock	None	December 13, 2021 Jing-Shou-Shang 11001215710
2022.04	44	161,000	1,610,000	77,514	775,143	Exercise of employee stock option	None	April 7, 2022 Jing-Shou-Shang 11101052620
2022.04	44	161,000	1,610,000	1,286	12,865	Exercise of employee stock option	None	May 30, 2022 Jing-Shou-Shang 11101086440
2022.08	44	161,000	1,610,000	141	1,410	Exercise of employee stock option	None	September 7, 2022 Jing-Shou-Shang 11101161690

2. Share category

Unit: thousand shares

Share category	Authorized capital			Footnote
	Outstanding shares (Note)	Unissued shares	Total	
Common shares	789,418	0	789,418	

Note: The Company's shares are listed for trading on TWSE.

3. Information relevant to the aggregate reporting policy: None.

4.1.2. Type of Shareholders

April 21, 2024

Type of Shareholders	Government Agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and Natural Persons	Total
Quantity						
Number of Shareholders	0	0	194	21,540	164	21,898
Shareholding	0	0	16,537,539	54,866,448	7,537,813	78,941,800
Shareholding percentage	0	0	20.95	69.50	9.55	100.00
Description: Out of the shares held by foreign institutions and foreigners, none of which involved an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of Regulation Governing Mainland Residents' Investment in Taiwan.						

4.1.3. Status Distribution of Ownership

1. Common shares:

April 21, 2024

Shareholding range	Shareholder count	Number of shares held	Shareholding percentage %
1 ~ 999	15591	842,917	1.07
1,000 ~ 5,000	4887	9,538,370	12.08
5,001 ~ 10,000	657	5,023,662	6.36
10,001 ~ 15,000	206	2,655,485	3.36
15,001 ~ 20,000	120	2,163,227	2.74
20,001 ~ 30,000	153	3,806,174	4.82
30,001 ~ 40,000	63	2,205,207	2.79
40,001 ~ 50,000	49	2,255,238	2.86
50,001 ~ 100,000	87	6,026,302	7.63
100,001 ~ 200,000	49	6,903,982	8.75
200,001 ~ 400,000	22	5,793,719	7.34
400,001 ~ 600,000	4	2,159,648	2.74
600,001 ~ 800,000	4	2,814,707	3.57
800,001 ~ 1,000,000	0	-	0
1,000,001 and above	6	26,753,162	33.89
Total	21,898	78,941,800	100.00

2. Preferred shares: None.

4.1.4. Major shareholders:

April 21, 2024

Name of major shareholder	share	Number of shares held (Shares)	Shareholding ratio (%)
ClinJeff Corp.		12,176,497	15.42%
Alice H. Chang		7,862,716	9.96%
Jau Huang		2,797,910	3.54%
Yi-Chen Huang		1,756,615	2.23%
Jui-Hsing Huang		1,143,000	1.45%
Rhine Investment Ltd.		1,016,424	1.29%
Changbai Mountain Investment Ltd.		781,707	0.99%
Meng-Lun Xie		698,000	0.88%
Mercer QIF Fund Plc-Mercer Investment Fund 1 - Firth Investment Management Pte. Ltd. as external fund manager		681,000	0.86%
Teachers' Retirement System of the State of Illinois		654,000	0.83%

4.1.5. Market price, net worth, earnings, dividends per share for the last 2 years.

Unit: NT\$

Item		Year	2022	2023
Market price per share (Note 1)	Highest		115.5	118.5
	Lowest		80	82.5
	Average		88.06	94.19
Net worth per share	Before Distribution		58.90	56.39
	After Distribution (Note 2)		56.60 (Note 7)	53.59 (Note 7)
Earnings per share (EPS) (losses per share)	Weighted average outstanding shares		78,600 thousand shares	78,942 thousand shares
	Earnings per share		2.34	2.81
Dividends per share	Cash Dividends		2.30	2.80
	Stock Dividends	From earnings	-	-
		From capital surplus	-	-
Cumulative undistributed dividends (Note 3)			-	-
Analysis of investment returns	Price / Earnings ratio (Note 4)		37.65	33.52
	Price / Dividends ratio (Note 5)		38.30	33.64
	Cash Dividend yield rate (Note 6)		2.61%	2.97%

Note 1: The table shows the highest and lowest market price of shares in each year; average market price is calculated by weighing transacted prices against transacted volumes in the respective years.

Note 2: Calculated based on the number of outstanding shares at year-end; the amount of distribution resolved in next year's shareholders' meeting is presented in the table.

Note 3: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes a profit, the amount of cumulative undistributed dividends up until the current year is disclosed separately.

Note 4: P/E ratio = average closing price per share for the year / earnings per share.

Note 5: Price to dividends ratio = average closing price per share for the year / cash dividends per share.

Note 6: Cash dividend yield = cash dividends per share / average closing price per share for the current year.

Note 7: The proposed appropriation of earnings for FY2023 has been approved by the Board of Directors on March 27, 2024 and is pending resolution at the shareholders' meeting.

4.1.6. Dividend policy and execution

1. Dividend policies stated in the Company's Articles of Incorporation:

After closing of accounts, if there is earnings during this period, it shall make up for the cumulative losses of the previous years (including adjusted for the amount of undistributed surplus earnings); the remaining amount, if any, shall be used for an appropriation of 10% legal reserve in accordance with the law. However, this restriction shall not apply when the legal reserve has reached the total capital of the Company. Then, a special reserve shall be allocated or reversed according to laws or regulations or the provisions by the competent authority. The Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at beginning of periods (including adjustment amount of undistributed earnings) for the approval of the shareholders.

The Company's dividend policy is aligned with the development plan for the present and the future taking into consideration investment environment, capital requirement, domestic and overseas competition condition and profit of shareholders. The annual dividend distribution to shareholders shall be based on the principle of not less than 50% of the distributable earnings for the current year, and the principle of matching stock dividends with cash dividends. Twenty percent is the principle in the current stage; however, if the Company has major capital expenditure plans, the distribution of cash dividends may be less than 20% of the annual dividend with the approval of the shareholders' meeting. The Company's dividend policy is expected to have no significant change.

2. Dividends proposed for the current year: (approved by the board of directors but not yet resolved in a shareholders' meeting)

The Company intends to distribute cash dividends of NT\$221,037,040 from its net earnings for FY2023. The distribution of earnings is as follows:

CyberLink Corp.
Earnings Distribution Schedule
2023

Unit: NT\$

Item	Amount	
	Subtotal	Total
Net Income of 2023		222,035,510
Less: Special reserve	(16,001,545)	
Less: Remeasurement of Defined Benefit Obligation	(1,379,782)	
Less: current adjustment to retained earnings	(35,339)	
Earnings in 2023 Available for Distribution		204,618,844
Plus: Unappropriated Retained Earnings of Previous Years		117,043,234
Retained Earnings Available for Distribution as of December 31, 2022		321,662,078
Distribution items:		
Cash dividend of ordinary shares (NT\$2.8 per share)		(221,037,040)
All distribution items:		(221,037,040)
Unappropriated Retained Earnings as of December 31, 2023		100,625,038

Note:

1. The cash dividend is NT\$2.8 per share, a total of NT\$221,037,040 was allocated, calculated based on 78,941,800 shares outstanding of March 26, 2024.
2. If the legal reserve has exceeded the paid-in capital, it is not required to set aside any further legal reserve according to law; therefore, it is not proposed to set aside any legal reserve this year.
3. In accordance with the provisions of the letter from the Ministry of Finance dated April 30, 1998 referenced Tai-Tsai-Shui No. 871941343, the surplus of 2022 will be distributed first; if there is any deficiency, the surplus will be distributed in the order of last in first out according to the year in which it is generated.
4. Cash dividends distributed to shareholders are calculated up to NT\$1 and rounded off below NT\$1. Any amount less than NT\$1 is transferred to the Company's Employee Welfare Committee. Therefore, the above is in line with the principle that the current cash dividend distribution shall not be less than 20% of the annual dividend distribution as required in the dividend policy of the Company.
5. However, if the total share capital changes due to the repurchase of shares of the Company or the implementation of employee stock options or other factors, it is proposed to request the shareholders' meeting to authorize the Chairman to handle the relevant changes, and an announcement will be made separately in due course.

4.1.7. Impacts of proposed stock dividends on the Company's business performance and earnings per share: Not applicable as no stock dividend was proposed for 2023.

4.1.8. Employee and director remuneration:

1. Percentage or range of employee/director remuneration stated in the Articles of Incorporation:

Profits concluded in a given year (profit before tax, employee remuneration, and director remuneration) shall have no less than 3% allocated as employee remuneration and no more than 1% allocated as director remuneration. However, profits must first be reserved to offset against cumulative losses (including adjustments to unappropriated earnings) if any.

A company may have the profit distributable as employees' compensation in the preceding paragraphs distributed in the form of shares or in cash; qualification requirements of employees who may receive employee compensation, including the employees of subsidiaries of the company meeting certain specific requirements.

A company shall only have the profit distributable as director's remuneration in the preceding paragraphs distributed in cash.

A company may, by a resolution adopted by a majority vote at a meeting of board of directors, have the profit distributable in the preceding two paragraphs; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

2. Basis for estimating employee/director remuneration and stock dividends, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

Profits concluded in a given year (profit before tax, employee remuneration, and director remuneration) shall have no less than 3% allocated as employee remuneration and no more than 1% allocated as director remuneration. However, profits must first be reserved to offset against cumulative losses (including adjustments to unappropriated earnings) if any.

A company may have the profit distributable as employees' compensation in the preceding paragraphs distributed in the form of shares or in cash; qualification requirements of employees who may receive employee compensation, including the employees of subsidiaries of the company meeting certain specific requirements.

3. Information on the proposed allocation of remuneration as approved by the Board of Directors:

The board of directors passed a resolution on February 29, 2024 to pay NT\$3,500,000 of director remuneration (representing 0.91% of current year's profits); this amount is indifferent from the amount of director remuneration previously estimated. The board also resolved to pay NT\$72,311,000 of employee remuneration (in cash; representing 18.78% of current year's profits); this amount is indifferent from the amount of employee remuneration previously estimated.

4. Actual distribution of employees' compensation and director's remuneration recognized in the previous year:

	Previous year (2022)			
	Amount resolved in shareholders' meeting	Amount recognized in financial statements	Difference	Cause of difference
Actual payment:				
(一) Employees' remuneration in cash	59,590,000	59,590,000	None	None
(二) Directors' remuneration	3,150,000	3,150,000	None	None

4.1.9. Buyback of company shares: None.

4.2. Corporate bonds

None.

4.3. Issuance of preferred shares

None.

4.4. Depository receipts

None.

4.5. Employee stock options

The Company sought approval from the Financial Supervisory Commission in June 2022 to issue employee stock options (FSC approval reference: Correspondence Jin-Guan-Zheng-Fa No. 1110346790 dated June 20, 2022). This issue totaled 2,000,000 units; each unit was vested with the right to subscribe to one share for a total of 2,000,000 common shares, which shall be fulfilled by issuing new shares. The exercise price was determined as the closing price of underlying shares on the date of issuance. Employees may exercise the stock option according to the Company's "Employee Stock Option Issuance and Subscription Policy" two years after being granted the stock option.

Disclosure relating to stock options:

4.5.1. Disclosure relating to stock options

March 31, 2024

Type of employee stock option	The 11th employee stock option offering
Announcement/effective date and total number of units	2022.6.20 2,000,000
Issuance (processing) date	2022.7.26
No. of units issued	2,000,000
Remaining units available for issuance	0
Exercisable shares as a percentage of total outstanding shares	2.53%
Duration of stock option	7 years
Method of delivery	Issuance of new shares
Period and percentage (%) of exercise restriction	50% exercisable after 2 years 75% exercisable after 3 years 100% exercisable after 4 years
No. of shares acquired through exercise	0
Amount of shares subscribed through exercise	0
No. of shares unexercised	2,000,000
Subscription price per unexercised share	85.70
Number of unexercised shares as a percentage of total outstanding shares (%)	2.53%
Effects on shareholders' equity	None

4.5.2. Names of managers receiving employee stock options, names of employees ranking top ten in terms of exercisable shares, amount acquired, and amount exercised:

March 31, 2024

	Title	Name	Exercisable shares (share in thousands)	Exercisable shares as a percentage of total outstanding shares (%)	Exercised				Not exercised			
					Quantity exercised (share in thousands)	Average subscription price (in dollars)	Subscription amount (in thousands)	Exercised shares as a percentage of total outstanding shares (%)	Quantity exercised (share in thousands)	Average subscription price (in dollars)	Subscription amount (in thousands)	Exercised shares as a percentage of total outstanding shares (%)
Manager	Chairman and CEO	Jau Huang	1,120	1.42%	-	-	-	-	1,120	85.7	95,984	1.42%
	GM	Mei Guu										
	GM	Vincent Lin										
	Senior Vice President	David Lee										
	Vice President	YW Lei										
Employees	Assistant Vice President	Hilda Peng	440	0.56%	-	-	-	-	440	85.7	37,708	0.56%
	Assistant Vice President	Ting-Wei Yang										
	Assistant Vice President	Chun-Yueh Ou										
	Assistant Vice President	Yu-Chou Tsai										
	Assistant Vice President	Kuo-Chiang Hsieh										
	Assistant Vice President	Chung-Ren Yen										
	Architect and Senior Manager	Chun-Pu Chen										
	Senior Manager	Meng- Hsuan Lin										
	Principal Architect	Sheng-Wen Chen										
	Chief Engineer and Senior Manager	I-Lung Tsai										

4.6. New issuance of employee restricted shares

None.

4.7. New shares issued for merger or acquisition

None.

4.8. Progress on the planned use of capital

Uncompleted securities offering or private securities placement or any capital plans completed in the last three years that have yet to yield the desired outcome: None.

5. Operational Overview

5.1. Business activities

5.1.1. Business Scope

1. The Main Business business activities of Company

- (1) Research, design, and sale of computer peripherals equipment, software, and hardware.
- (2) Design of computer peripherals equipment, and design and maintenance of circuit boards services.
- (3) Trading of computers, electronics, mechanical equipment, and books.
- (4) Import, export, and trading of the aforementioned products.
- (5) Planning of computer and electronic information systems and related consultancy services.
- (6) I401010 General Advertising Services.
- (7) I501010 Product Designing.
- (8) ZZ99999 Other business not prohibited or restricted by law, except any business requiring special approval.

2. Current products (services) of the Company and revenue weight (worldwide, consolidated)

Unit: %

Product category/year	2022	2023
Media Creation	70	72
Media Experience and Entertainment and others	30	28
Total	100	100

3. Current products (services) of the Company:

Products of the Company can be divided into the five categories below:

(1) Media Entertainment software, including

–PowerDVD

(2) Media Creation software, and online editing services, including

–PowerDirector

–PhotoDirector

–Director Suite

–Color Director

–Audio Director

–MyEdit.online

–Promeo

–Power2Go

- YouCam
- ScreenRecorder
- ActionDirector
- MakeupDirector

(3) Work software, including

- U Webinar
- U Meeting
- U Messenger
- PerfectCam
- PowerDirector 365 Business

(4) Mobile App, including

- PowerDirector
- PhotoDirector
- Promeo
- Vivid AI
- Vivid Cut
- ActionDirector
- U Meeting/ Messenger/ Webinar

(5) AI-assisted facial recognition engine and solutions, including

- FaceMe SDK
- FaceMe® Security
- FaceMe® Platform
- FaceMe® eKYC & Fintech
- FaceMe® TimeClock
- FaceMe® Smart Retail
- CyberLink People Tracker

4. New product and service development plans

Cyberlink now leads global peers in digital multimedia solutions after accumulating success in multiple product lines. The Company will continue investing manpower into the development of new technologies and new products to sustain its existing competitive advantage. Below is a description of the Company's new product research and development plans:

Item	Expected time of completion	Project description				
2024 R&D projects	2024	<p>In addition to making version upgrades and user experience optimizations to existing products, research projects in 2024 will also focus on: development of generative AI algorithms for video and photo editing, optimization of video and photo editing experience and special effects on mobile devices, development of facial recognition (FR) SDK, and development of technologies that are relevant to the creation of a FR System.</p>				
		<p>The projected expenses, estimated timeline, and details of future R&D projects are presented below:</p>				
		R&D projects	Expected project timeline	Required budget	Factors affecting the success of future R&D	
		Core technology and product development of video, audio, and photo editing software	2024 full year	245,000 (in thousands)	1. Whether there is an adequate number of competent R&D personnel 2. Customers' requirements and market changes 3. Product development schedule of other competing companies	
		Audiovisual software technology and App development on mobile devices	2024 full year	210,000 (in thousands)		
		Development of the video/audio editing service platform (My Edit)	2024 full year	105,000 (in thousands)		
		Development of AI and generative AI algorithms	2024 full year	110,000 (in thousands)		
Development of face recognition software components (FR SDK) and system implementation (FR System)	2024 full year	30,000 (in thousands)				

5.1.2 Industry overview

1. Current and future industry prospects

According to market surveyor - Report Linker, the global market for video & audio software is expected to expand at a compound annual growth rate (CAGR) of 8% to 9% between 2021 and 2025, and may reach a size of US\$1.97 billion within this period. The report mentioned that the increasing popularity of online video content, social media, and digital marketing has inspired a massive wave of content creators, and demands for video editing software will continue to grow at a fast rate. According to the report, changes in cloud-based service delivery and payment models in recent years have also driven the popularity of creative editing software and the growth of the market size. More and more people are using editing software to produce content for social media platforms and marketing advertising materials, personalized creative editing for self-media content creation and image distribution, digital marketing for small and medium-sized enterprises, and the popularity of short video clips and video creation and sharing on mobile phones. All of these factors are driving up the demand for creative editing software, and these rising waves of content creation are causing paradigm shifts in the market.

Since September 2018, CyberLink has been transitioning into a subscription-based sales approach for software products of the PC Create segment, namely Director Suite, PowerDirector, and PhotoDirector. The subscription model provides users with greater flexibility and more attractive pricing. We also continue to enhance product features such as providing a large number of additional design kits and a rich library of materials as an incentive to enhance user stickiness and renewal rates, thereby encouraging subscription renewals. In recent years, CyberLink has incorporated AI technology to develop a variety of attractive AI functions and effects. In September 2022, the Company launched PowerDirector 365, PhotoDirector 365, and Director Suite 365, which features a variety of AI-powered tools & effects include portrait tracking, multi-object motion tracking, AI audio noise reduction, photo noise reduction, AI object removal 2.0, one-click character cartoonization, etc. The AI-powered tools & effects also include more than 30,000 video intros and customizable video & graphics templates with various themes, so users can quickly create appealing videos and graphic creations with simple steps, and can be quickly exported to various social media platforms. CyberLink continues to collaborate with well-known copyrighted material sites such as stock photo and stock footage sites such as Shutterstock and Getty Images to provide subscribers with over 8 million videos, images and music clips. The Company collaborated with Meta (Facebook) in 2022 to provide subscribers with Meta's library of audio clips, offering a rich content suite and a variety of themed materials at a faster update rate. The Company is committed to enhancing user experience and improving user satisfaction. With growing subscriber

numbers contributing significantly to the Company's steady recurring revenue growth. The share of revenue contribution from subscription system in the three growth product lines was as high as 67% in 2023. Subscription revenue continued to deliver a high annual growth rate in 2023, with the number of new and renewing subscribers increasing, indicating the success of the Company's transformation into a subscription-based business offering cloud-based value-added services.

In 2023, the Company's overall revenue reached NT\$1.865 billion, with a growth rate of 10.28% compared to 2022. The two product lines, PC-Create (B2C) creative editing software and Mobile App, both delivered outstanding results. The revenue of the Digital Media business group grew by 9.9% year-on-year, of which the two growth-oriented product lines (PC-Create and Mobile App) combined grew by 15.6%. On the other hand, the proportion of OEM-bound sales revenue continued to drop to 10%, and the overall revenue allocation achieved a healthier distribution ratio.

The Japan Electronics and Information Technology Industries Association (JEITA) released a forecast report that the rapid spread of applications and the expanding demand from professional fields will drive the gradual expansion of the applicable/application scope of generative AI. It is estimated that from 2023 onward, the global generative AI market scale (demand) will expand at an average annual growth rate of 53.3%. In 2030, it will grow rapidly to US\$211 billion, which will be about 20 times that of 2023 (estimated US\$10.6 billion). According to JEITA, the application fields of generative AI will be further expanded in the future, and the growth in the manufacturing field is the most significant, followed by the financial field, and the communication/broadcasting field, estimated to reach US\$43.9 billion and US\$32 billion in 2030.

2023 can be said to be the first year of Gen-AI and also the first year of Gen-AI for CyberLink. In addition to continuing to cultivate existing AI applications, we have also formed a brand-new Gen-AI development team consisting of R&D, design, business, and product talent. From not having any Gen-AI features at the beginning of the year, CyberLink launched 15 Gen-AI features that are widely popular among users in just one year. Due to the rapidly increasing end-user demand for generative AI, these 15 Gen-AI applications have begun to slightly increase revenue and are rapidly growing from 2023.

In view of the vigorous development of generative AI, we will start the AIPC collaboration with Intel in the fourth quarter of 2023. CyberLink has been working closely with Intel in the PC field for decades. The collaboration with AIPC is aimed at implementing more multimedia applications such as Gen-AI/Cool-AI to PC (local end). This partnership will be extended to at least 2024, and is the highlight of Intel's annual event. In addition, AIPC is an ecosystem partnership. In addition

to working with Intel, we have also begun to partner up with PC brand manufacturers to promote AIPC. Through this partnership, we expect that CyberLink's AI application domain will span from the cloud to the local end, and provide more complete solutions to end customers.

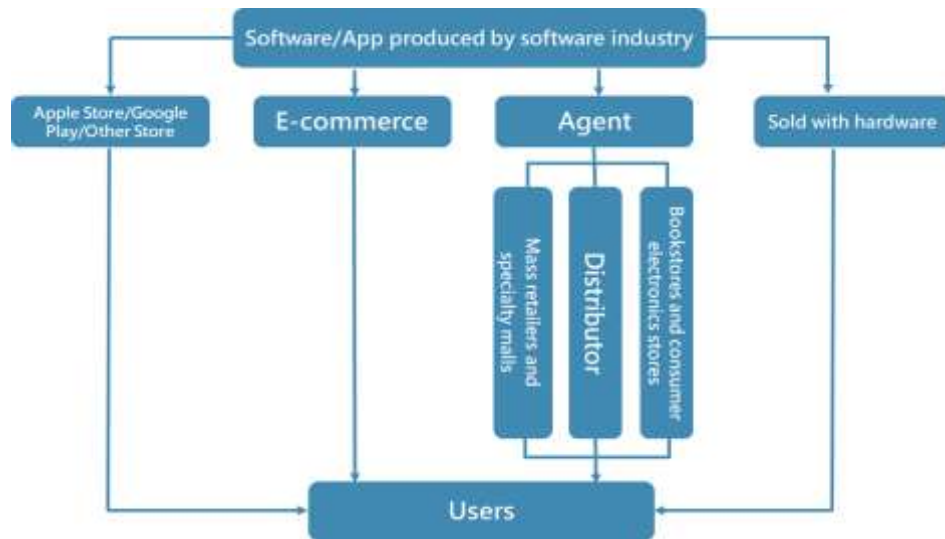
According to Statista's survey data, the global face recognition market is expected to reach US\$571 million in 2024, and will reach a compound annual growth rate (CAGR) of 10.40%, and the market scale will reach US\$10.34 billion by 2030. According to the analysis report, the face recognition market is mainly affected by the following three trends: First, industries such as retail, banking, and healthcare are seeing increasing demands for enhanced security and improved processes. Secondly, the accuracy of the face recognition algorithm is significantly improved, especially in challenging conditions such as low-light environments and obscured faces. Third, promote transparent and responsible practices to ensure user consent and protect privacy in response to personal information and ethical considerations.

2. Association between upstream, midstream, and downstream industry participants

(1) Create PC & APP

Technology is a fast-changing industry. The most significant difference between software and hardware developers is that the former makes products in non-physical form, which allows updates to be made at any time to extend the product life cycle. This is also the reason why software developers have to devote more attention to anticipating market changes and making timely adjustments to product strategy (in terms of function, pricing, sales channel, and promotion method). While software developers enjoy greater flexibility than their hardware counterparts, they have to respond more quickly to changes.

In the early years, CyberLink used to engage major PC/NB manufacturers as the main customers, and sold its proprietary multimedia playback software - PowerDVD as a pre-loaded program with the computers shipped. CyberLink was able to build up global brand awareness through pre-load sales of PowerDVD. After the initial success, the Company started exploring diverse channels for the distribution of products under the CyberLink brand, including the use of a proprietary online store, physical channels, and third-party distributors. App versions of the Company's products are also available for download by consumers around the world through the App Store, GooglePlay, and online stores of similar nature. CyberLink sells its software and mobile apps through online stores, third-party app stores (Play Store, Apple App Store, Mac App Store, Microsoft Store, etc.), multiple physical and virtual channels, and a unique B2B2C model with major computer brands. The Company's flagship product, PowerDirector (Windows/Mac version) and PowerDirector Mobile App (Android/iOS), have been selling well across various channels.



(2) A global facial recognition system powered by FaceMe®

With its 20 years of experience in artificial intelligence, image optimization technology, image acceleration technology, and cross-platform optimization, since the launch of the FaceMe® AI engine in 2018, CyberLink has not only been recognized for its outstanding accuracy, but also ranked among the best in the NIST facial recognition test several times, making it one of the world's top facial recognition engines. FaceMe supports multiple operating systems (including Windows, Linux, iOS, and Android), and has strategically formed alliances with first-tier chip makers such as Intel, NVIDIA, NXP, Qualcomm, and MediaTek. The FaceMe algorithm is optimized for different chips to achieve the best performance of face recognition in edge computing to penetrate the ecosystem of major chip makers. Through integration, optimization, and strategic alliances with major chip companies, we provide IoT hardware manufacturers and system service providers with the best facial recognition engine so that customers can easily incorporate FaceMe® into security control systems, cameras, and smart signage, smart PoS, kiosk, smart medicine cabinet, self-check-in counter, access control machines, service robots and other hardware devices to achieve the AIoT application needs of different industries.

In addition, CyberLink continues to strengthen its cooperation with mainstream image management system and security control companies such as Genetec, Milestone, Axis, Network Optix, Hanwha Vision and Vivotek. The image management and access control systems are deeply integrated with the FaceMe® Security smart security solution to help system integrators quickly introduce smart security control systems with face recognition in factories, offices, campuses and other venues. CyberLink is also actively working with the distribution channels of these big security vendors around the world, and working with local system integrators to deploy local smart security solutions.

FaceMe technology, security partners



In addition to integrating the ecosystem of the IoT and smart security control industry and launching related products such as access control and security control, CyberLink also responds to the demand for identity verification services to meet the needs of the government, enterprises, and financial institutions for identity verification services. CyberLink's products can also be used to prevent hacker intrusions and strengthen information security. We work with system integrators to provide a variety of development kits, including modules for various ID card recognition, ID card anti-forgery, OCR text recognition, and video conferencing. We offer system integrators and customers with the most complete one-stop technical services, reduce system development time, and provide the best services.

3.Product development trends

(1)Create PC & APP

- (A) We have observed that the subscription system is becoming more mature and user acceptance continues to increase.
- (B) As short videos on social media platforms are becoming more and more popular, creators need to be more creative in terms of eye-catching content within the limited length of the video. Also, due to the fact that the freshness period for producing content is shorter than usual, creators must accelerate their content creation to keep the community enthusiastic.
- (C) The boundaries between video editing and photo editing are blurring. The long-term trend is to see many video and photo editing functions integrated and merged.
- (D) The rise of generative AI has, on the one hand, attracted new groups to join the ranks of film/photographer creations, and, on the other hand, helped the incumbents to make use of AI to further realize their creative ideas.
- (E) The generative AI will be developed to cloud and on-premise at the same time, and each will develop suitable usage scenarios. The generative AI of cloud computing, based on the principle of computing paid users, has also appeared in the design of point systems. The development of this model is yet to be observed, but is positively viewed in terms of the subscription-based business

model. This should provide additional revenue for the developers of CyberLink.

(2) FaceMe - world's advanced multi-platform AI-assisted facial recognition engine

FaceMe[®] SDK is a facial recognition engine designed specifically for edge computing on a variety of platforms including Windows, Linux, Android, and iOS. CyberLink continues to collaborate with major SoC makers such as Intel, NVIDIA, NXP, MediaTek, and Qualcomm to optimize performance and expand distribution channels.

The FaceMe[®] product line has been expanded progressively to support a wider range of vertical applications from FaceMe[®] Security to eKYC & Fintech in 2021. Solutions such as FaceMe[®] Platform and FaceMe[®] TimeClock Smart Attendance and FaceMe[®] Smart Retail were also launched in 2022. In 2023, the new product, People Tracker, was launched. People Tracker can find the complete footprints of the target person only by the body shape and other characteristics.

For FaceMe[®] Security, we continue to deepen the integration with mainstream video management systems, combining identity verification, attendance management, access control, real-time video monitoring, notification and alarm, etc. FaceMe[®] Security can be deployed in an independent office space, as small as to fit in 20 people, or as large as to fit in up to 10,000 people in a multipoint decentralized field, can be expanded, depending on different actual environments. In 2023, we also added Face Terminal value-added kits to allow access control to be tailored to different actual environments and provide the flexibility to adopt IP camera or face access control.

For the next-generation financial technology applications such as remote identity verification, the FaceMe[®] eKYC solution launched by CyberLink provides various development kits such as face recognition, video conferencing, OCR text recognition, ID card recognition, etc., to assist domestic financial life insurance companies to create a remote insurance solutions.

In addition, as enterprises become more aware of information security, the application of FaceMe[®] is not only used for customer identity verification service to protect the security of users' property, but also as the second factor for authentication and authorization of internal system login. Such applications can prevent hacker intrusions and thereby protect the security of the Company's information security system. CyberLink and its partners have launched a two-factor authentication solution using FaceMe, which has been successfully adopted by large financial banks in South Korea and government agencies in Japan.

(3) Video and multimedia solutions (Play)

Having accumulated know-how and experience on different video formats, software/hardware compatibility, and the digital home revolution, CyberLink is able to combine knowledge with experience to quickly keep up with the uprise of mobile devices. The new PowerDVD 21 brings an improved viewing experience across devices, supporting all popular media formats with enhanced video and audio quality, whereas the introduction of an intuitive file management tool allows easy management of photos, videos, music, Blu-ray, and DVD. The software even supports playback of YouTube 8K video for the ultimate viewing experience, as well as download of favorite videos for offline viewing. CyberLink helps users create their own streaming platforms. Whether at home or outdoors, users are able to view their collection of films and shows on personal computers, streaming devices, and mobile devices, and share with friends and family members anytime, anywhere for the ultimate mobile multimedia entertainment experience.

4. Product competition

CyberLink is one of the few software companies in Taiwan that made a success in the global market. The Company offers a diverse line of products including PowerDVD, PowerDirector, PhotoDirector, Director Suite, and Power2Go that support a wide range of Play and Create applications from video playback, video and photo editing, production, disc writing to file backup. In recent years, CyberLink began developing Apps for mobile devices including tablet PCs and smartphones, and transitioned into a subscription model to accommodate the changing circumstances.

PowerDirector, one of CyberLink's top-selling products, was first introduced in 2001 and is now available in Windows, Mac, Android, and iOS versions to meet the needs of different users. At the end of 2020, CyberLink launched the Mac version of PowerDirector that claimed the "2022 Taiwan Excellence Award," Taiwan's most prestigious product award, and ranked among the top 30 out of more than one thousand Taiwanese products rated during the year. With a market share of more than 60% in the retail market in Japan, the Company's 2022 flagship product "PowerDirector" ranks first in the sales of video-editing software, and has remained the market leader in Japan for eight consecutive years. In addition, the download ranking of "PhotoDirector" in the Japanese iOS App Store under the Photo & Video category climbed to fifth place. In 2022, PowerDirector 365 won the recognition of the "Editors' Choice", the authoritative U.S. PC magazine again, and this is also the honor of the PowerDirector series for 13 consecutive years. In January 2023, "PowerDirector 365" won the highest five star award of the "Editors' Choice" PC magazine, and was also selected as the "Best Technology Product of 2022" by the magazine.

FaceMe® has excellent recognition and anti-spoofing capabilities. In 2023, FaceMe® was ranked as one of the top face recognition algorithms in the world with a 99.84% correct recognition rate in the National Institute of Standards and Technology (NIST) Face Recognition Technology Vendor Test. In March 2022, FaceMe® facial recognition engine's presentation anti-spoofing technology passed iBeta's PAD test Level 2 (Presentation Attack Detection). The iBeta Level 2 test is a live impersonation attack on facial recognition technology through a high precision 3D mask. CyberLink's FaceMe® achieved a 0% fail rate (meaning that it is 100% effective against impersonation attacks) and passed the test with flying colors, proving that FaceMe® is suitable even for biometric identification solutions of more rigorous requirements, such as banking, online transaction, and remote identity verification. In October 2023, the FaceMe® engine has passed the in-vivo spoofing attack detection in the latest NIST Face Analysis Technology Evaluation (FATE) of the National Institute of Standards and Technology (NIST) for detecting live impersonation attacks. In the convenience test category of the video input format, FaceMe® not only maintains a high real-life pass rate (99%) for convenience, but also blocks 100% of various presentation attacks, ranking first in the world. NIST's test covered 82 algorithms worldwide to detect passive presentation attacks. The results showed that CyberLink FaceMe® living body recognition algorithm excels. At present, among the global facial recognition technology providers, China is still the largest competitor. Facial recognition technology is a technology with high information security concerns, and information security means national security. Affected by the China-US trade war, more and more countries are skeptical about adopting Chinese facial recognition products. Given this, the FaceMe® technology 100% developed by CyberLink has excellent competitive advantages and expansion possibilities in the international market.

5.1.3. Technology and R&D overview:

1. R&D expenses made in the last year up until the publication date of annual report:

Unit: NT\$ thousands; %

Year	R&D expenses	As a percentage of operating revenues (%)
2023 (Note)	586,610	32
January 1 to February 28, 2024	97,077	30

Description: This chart represents audited or auditor-reviewed consolidated financial information.

2. R&D progress in the last year up until the publication date of annual report:

Year	R&D progress
2023	(1) CyberLink completed several new products and version upgrades in 2023, and continued making updates to the product subscription service. (2) Several complete multimedia entertainment software packages, applications, and solutions were introduced during the year for different mobile multimedia platforms and devices, including new features, with multiple generative AI features launched, providing users with an excellent editing experience with powerful AI features. (3) CyberLink continued to introduce “FaceMe” and SDK as a solution for AI-assisted facial recognition. This engine has been adopted by many system vendors into solutions such as premise access control, bank eKYC, and cybersecurity. (4) Launched MyEdit, a new cloud-based photo and audio editing platform, with a wide range of AI auto-editing and generative AI functions. (5) R&D of generative AI technology, and gradually introduced the results into products, and launched functions such as AI Outfit, AI Headshot, and AI Product Background.
2024	The Company completed several new products and version upgrades between January and February 2024, including: <ul style="list-style-type: none"> ● Director Suite 365 ● PowerDirector 22 ● MyEdit ● PowerDirector App for iOS and Android ● PhotoDirector App for iOS and Android ● FaceMe SDK, FaceMe SECURITY and FaceMe Platform

5.1.4. Long and short-term business plans:

In terms of business development plans, we re-planned the product layout in 2023 with our experience in the multimedia R&D momentum accumulated over the years, as follows:

1. We will continue to develop the two flagship products of Super App - PowerDirector and PhotoDirector 365, both of which are cash cows. Our product strategy is to give equal emphasis on UX (user experience), Gen-AI (generative AI) and Cool-AI (cool AI technology), and continue to improve the video/photo editing ability and user experience. A large number of AI technologies have been introduced to allow AI to assist users in film/photo editing to be more creative and efficient, thereby producing more high-quality content.
2. Develop three new markets/user groups
 - (1)Promeo (PC, iOS, Android) - Targeted at corporate users, the main

focus is on "product beautification" and "massive professional marketing and promotion templates", providing one-stop solutions to help corporate users easily produce product marketing copy. Different from our other products targeting the consumer market, Promeo is an important step for CyberLink to enter the e-commerce market. In 2023, with the continuous improvement of products and the promotion of marketing, in addition to the significant increase in revenue from the self-owned sales platform and channels, we will also cooperate with North American PC brands in the fourth quarter of 2023 to jointly sell Promeo to their PC enterprise users.

(2)New product Vivid Cut (iOS) - Newly launched in September 2023, targeting the female beauty community, it is a community/app market with huge opportunities. Although CyberLink is a latecomer in this market, we look forward to redefining the functions of beauty applications with AI, and gradually gaining this market share.

(3)New product Vivid AI (iOS/Android) - Newly launched in August 2023, it is targeting the needs of Gen-AI multimedia creation. There is no doubt that there are huge business opportunities in Gen-AI, which has opened up new user groups. In our product layout, in addition to introducing Gen-AI in a large number of products, we have also launched this Gen-AI-specific App. With a strategy that does not contradict other products, this App can accelerate our user acquisition in this new user group.

Although the above three new products have not been in the market for long, they have already achieved initial revenue on mobile devices. They will contribute about 5% of the revenue of Mobile App by the end of 2023 and will continue to grow.

3. Cross-device "web-based" editing tool - According to market research, the online editing market has huge business opportunities. We launched the free online web-based editing brand "My Edit" in 2022, and added the "paid subscription" model at the end of April 2023. The whole year of 2023, including the growth of users and revenue, was faster than expected. Therefore, we have invested more resources in the allocation of development manpower. In addition, the first half of 2024 will also see revenue generated from annual subscriber renewals, which is a new product line that we are quite optimistic about.

5.2. Market, production, and sales overview

5.2.1. Market analysis:

- 1. Locations where products were mainly sold in the last 2 years (global consolidated revenues)

Unit: NT\$ thousands; %

Location \ Year		2022		2023	
		Amount	%	Amount	%
Domestic sale		146,316	8.65	110,263	5.91
Export sale	America	948,411	56.08	1,122,484	60.18
	Asia	509,943	30.15	536,689	28.78
	Europe	86,530	5.12	95,586	5.13
Total		1,691,200	100.00	1,865,022	100.00

2. Market share

PowerDirector, one of CyberLink’s top-selling PC Create products, was first introduced in 2001 and is now available in Windows, Android, and iOS versions to meet the needs of different users. The software has won, and continues to win, major awards around the world. With a market share of more than 60% in the retail market in Japan in 2022, the Company’s flagship product “PowerDirector” ranks first in the sales of video-editing software, and has remained the market leader in Japan for eight consecutive years. In addition, the download ranking of “PhotoDirector” in the Japanese iOS App Store under the Photo & Video category climbed to fifth place. In 2022, "PowerDirector" won the recognition of the "Editors’ Choice", the authoritative U.S. PC magazine again, and this is also the honor of the PowerDirector series for 13 consecutive years. In January 2023, "PowerDirector 365" won the highest five star award of the "Editors’ Choice" PC magazine, and was also selected as the "Best Technology Product of 2022" by the magazine.

2023 can be said to be the first year of Gen-AI and also the first year of Gen-AI for CyberLink. In addition to continuing to cultivate existing AI applications, we have also formed a brand-new Gen-AI development team consisting of R&D, design, business, and product talent. From not having any Gen-AI features at the beginning of the year, CyberLink launched 15 Gen-AI features that are widely popular among users in just one year. Due to the rapidly increasing end-user demand for generative AI, these 15 Gen-AI applications have begun to slightly increase revenue and are rapidly growing from 2023.

In view of the vigorous development of generative AI, we will start the AIPC collaboration with Intel in the fourth quarter of 2023. CyberLink has been working closely with Intel in the PC field for decades. The collaboration with AIPC is aimed at implementing more multimedia

applications such as Gen-AI/Cool-AI to PC (local end). This partnership will be extended to at least 2024, and is the highlight of Intel's annual event. In addition, AIPC is an ecosystem partnership. In addition to working with Intel, we have also begun to partner up with PC brand manufacturers to promote AIPC. Through this partnership, we expect that CyberLink's AI application domain will span from the cloud to the local end, and provide more complete solutions to end customers.

In 2023 and 2024, the face recognition business made good progress in winning more strategic customers and establishing stronger business partners. We cooperated with Yuanta Life in the "remote insurance purchase" scheme; FaceMe® Fintech which combines ID card anti-counterfeiting, face recognition, living body recognition and video conference modules to break the previous framework of "face-to-face signing" for insurance transactions, and increase the convenience of insurance business; the FaceMe face recognition engine is also adopted by Good Finance to improve the eKYC (digital identity verification) process of account opening, and new users can have their identities verified and sign documents via the mobile phone lens and complete account opening at the remote end without having to go to the counter in person. The "Vehicle Inspection Information System" jointly developed by the Japanese system integrator Itochu and FaceMe of CyberLink was adopted by Toyota's Vehicle Quality Control, and CAC of Japan also adopts the FaceMe face recognition engine® in the unmanned store "Ministop Pocket" of its headquarters to enable employees to pay for shopping with face recognition. CyberLink also joined hands with Union Community, a listed major manufacturer of access control machines in South Korea, to launch a new generation of face recognition access control machines to create a contactless and safe intelligent security control environment.

Face recognition has a wide range of applications. The FaceMe® SDK continues to support various AI chips and is optimized to meet the maximum demand and flexibility for the demand for AIOT edge computing devices. FaceMe® SDK has also become a major strategic partner for major chip makers, AIOT solution providers, and system integrators. For example, Macnica, a Japanese AIOT solution provider, ITOCHU, an integrator of vehicle quality control system for TOYOTA, NAVINECT® Edge, an edge computing application service developed for letterpress printing; and UNIONCOMMUNITY, a major manufacturer of access control machines in South Korea, have all brought steady business opportunities to cooperate.

In the field of security, FaceMe® Security has continued to deepen technical and local channel marketing cooperation with major international VMS vendors. Taking the newly integrated Hanwha Vision Wisenet WAVE VMS in 2023 as an example, FaceMe® Security has been successfully introduced to Hanwha Vision customers in North America such as the York Fairgrounds and Expo Center.

FaceMe® works with system integrators at home and abroad to provide a variety of application services to meet the identity verification, two-factor verification, and biometric identification requirements of the government and the financial industry. In addition to Yuanta Life Insurance, Good Finance, and the local government in Japan, FaceMe® was extended to banks in Korea and financial institutions in Southeast Asia in 2023. The living body recognition technology is particularly critical. FaceMe® has the advantage of ranking first in the world in the NIST living body presentation attacks, and has won many project bids.

3. Future market supply, demand, and growth

Leveraging our existing strengths, CyberLink continues to invest in new business ventures with high growth potential and to deepen our cloud services and enhance the growth of our subscription system. In the future, we will continue to focus on the Company's growth engine products such as PC-Create, Mobile App, generative AI-related products, and FaceMe.

(1) Creative editing software for PCs and mobile devices

(A) Unparalleled products and services, cool AI features and rich content materials:

Continue to enhance our product features and services to provide consumers with value-added content kits and rich and diverse copyrighted materials at a faster pace, and launch richer seasonal content materials and kits in 2023, as well as newly emerging generative AI avatars. We also continue to harness AI innovation technology to introduce various cool new features, optimize UI/UX to create the best user experience, enhance user stickiness and increase the renewal rate of subscribers. Expand the current successful B2B2C channel partnership model to more major computer brands to accelerate market penetration in North America, Japan, Europe, Africa and the Middle East.

(B) Leverage our successful digital marketing experience to drive subscription growth.

Successful digital marketing campaigns in key overseas markets, such as the U.S. and Japan, leading to significant sales growth. In 2022, SEO search engine optimization drove a 370% increase in naturally generated traffic compared to 2021, an impressive performance. In 2024, we will continue to invest in digital marketing resources to deepen our existing market share and expand to more potential markets, leveraging our digital marketing success to effectively acquire new users and drive growth.

(C) Launch of a new web-based online editing tool:

MyEdit, a new web-based online editing tool, was launched in 2022, enabling creators to easily edit their work online anywhere,

anytime. Since the launch of MyEdit in the fourth quarter of 2022, the number of active monthly visitors to the website has grown 500% to over 100,000 MAUs in just six months, and the Company plans to launch MyEdit online editing subscription service in 2023 to attract more new users and contribute to the Company's subscription revenue growth.

(D)Template-based Editing:

The new "Promeo APP" mobile version was launched in 2022, providing tens of thousands of templates-based video and image design templates for quick and easy customization. Whether users want to create advertisements, posters, seasonal promotions, holiday promotions, social posts, web videos, etc., they can choose from a wide range of templates with a variety of themes and customize them to adjust colors, fonts, effects, etc. The simple, easy-to-use, and quick templates allow small and medium-sized businesses, and social media content creators to easily produce unique videos and graphic designs that can be quickly published on various social media platforms. A PC version, "Promeo PC", is planned for 2023.

(2)FaceMe[®] and Computer Vision

(A)World's advanced facial recognition algorithm:

FaceMe[®] offers exceptional performance with regard to identity verification and anti-spoofing technologies, and continues to rank among the world's leading technologies in the Face Recognition Vendor Test (FRVT) conducted by the National Institute of Standards and Technology (NIST). CyberLink will continue refining its algorithms with the goal of further improving ranking in NIST's FRVT, and making FaceMe[®] the world's leading brand in facial recognition.

(B)Accelerate customer activation and deployment:

Provide customers with better troubleshooting tools to facilitate smooth first-time installations. Strengthen localized technical services for overseas markets, such as installation manuals, database support, etc., to make customer deployment and troubleshooting easier. Optimize technical services to speed up the efficiency of evaluation testing and commissioning deployment at the customer end.

(C)Integrate channel resources to expand market opportunities.

Strengthen domestic and overseas sales channel collaboration and resource integration to enhance brand exposure, participate in industry exhibitions, events, joint marketing, etc. to expand market opportunities. Leverage FaceMe platform to expand eKYC

business to overseas regional markets and increase channel partners to expand Smart Security Control Surveillance business. Expand the marketing team in Southeast Asia, the U.S., Japan, and Taiwan to accelerate market expansion and revenue contribution growth.

(D) Deepen strategic cooperation with business partners:

Currently, we have strategic alliances with Intel, NVIDIA, NXP, Qualcomm, MediaTek, and other top-tier chip makers to support a wide range of mainstream chipsets; we have also successfully worked with major VMS vendors Genetec, Axis, Milestone, Network Optix, and Vivotek to deepen technology integration. FaceMe® will continue to strengthen strategic partnerships with VMS, SoC chip makers and system integrators (SI) to accelerate global business growth. We envisage to synergize SoC/VMS partners and channel resources, expand overseas markets in Southeast Asia, and accelerate FaceMe to become a large-scale business.

4. Competitive advantage

(A) Comprehensive research, development, technology, product, and market plans

CyberLink has a strong R&D team and has long been dedicated to the development of innovative software. By studying and understanding consumers' needs, the Company is able to commercialize software technologies and turn them into successful products. In terms of creative editing software, we will strengthen our content marketing, launch richer seasonal content, and respond to the needs of small and medium-sized businesses and social media in the new era with new trendy short video clip editing and fast and convenient design templates, and continue to launch new AI features such as AI image enhancement and AI auto-editing. The company will continue to expand its successful B2C channel model to more computer brands to accelerate distribution and business penetration in North America, Japan, Europe, Africa and the Middle East.

In terms of generative AI software, we began cooperation with Intel on the AI PC Acceleration Program, aiming to implement more multimedia applications such as Gen-AI/Cool-AI to PC (the local end). We also work with domestic and foreign PC brands to promote the Program. Through this partnership, we expect that CyberLink's AI application domain will span from the cloud to the local end, and provide more complete solutions to end customers.

In terms of FaceMe® face recognition, we will continue refining the algorithm to improve the NIST ranking (face/anti-counterfeit passive 2D anti-spoofing), launch the product line's new application of People Tracker footprint tracking function, deepen the integration of

SoC/VMS partners and channel resources, and expand overseas markets in Southeast Asia, in order to accelerate the promotion of FaceMe to become a large-scale business entity.

(B) Effective management of capital and manpower

Although software developers do not require significant capital for production and inventory storage as do manufacturers, they do require the support of adequate capital and top-performing talents for technology development, product marketing, and global market expansion. As far as technology conversion is concerned, the ability to commercialize software technologies is essential. In addition to having ample capital supply and making conservative capital plans, CyberLink has attracted many excellent talents to join its team over the years. Their exceptional skills and ability to work as a team have led to the introduction of new creative tools and video editing software, as well as upgrades and kits. By adopting smart management and digital processes, the Company is able to develop a more robust management system to support global business expansion efforts in the future.

(C) Globalized business strategy

Given the rapid changes in the IT industry and how the Internet has eliminated the borders that used to separate countries, being able to anticipate market changes has become the key to pursuing growth for software developers. By gaining insight into market and industry trends, CyberLink will be able to develop optimal business plans in line with its own competitive advantage, and take further steps to secure the continuity of its operations. The Company has always adopted a business strategy that sets eyes on the global market. Today, the Company works with many globally reputable OEM/ODM customers, and sells products to far corners of the world through online as well as offline channels under a proprietary brand.


5. Future opportunities, threats, and response strategies

(1) Opportunities

- (A) An R&D team that is persistent and competent at product and technology innovations
- (B) The emerging business opportunities of AI products around the world drive the increase in the demand for PC and AI software
- (C) Experienced business team
- (D) Knowledge of industry developments
- (E) Globalized business strategy and strategic partnership
- (F) Increasing popularity of social media and digital marketing stimulates demand for creativity and media editing tools
- (G) Support of government policy
- (H) High growth of the multimedia software industry
- (I) Complete product lines and diverse opportunities
- (J) Highly compatible and practical products

- (K) Strong financial position and abundant capital
- (L) Complete software and hardware related upstream and downstream vendors
- (M) Less impact from geopolitics than other non-democratic countries
- (2) Threats
 - (A) Competition from freeware
 - (B) PC demand falls to normal after the pandemic
 - (C) The NTD exchange rate remains volatile
 - (D) Industry peers have significantly increased advertising expenses, posing additional competition
 - (E) Emerging business opportunities for AI products around the world, making it more difficult to hire additional professionals
- (3) Response strategies:
 - (A) Optimize product user experience and more competitive product content services to stabilize and increase the market share of the Company's products.
 - (B) The Company will continue to increase the revenue contribution of its growth product lines, accelerate the global market expansion of its creative product lines, and accelerate the launch of generative AI and facial recognition related software services to become a sizable business.
 - (C) Conduct intensive studies on the changes of major currencies against NTD, and mitigate possible impacts of exchange rate variation through diversification and currency hedge.
 - (D) Continue to flexibly grasp the market demand and quickly launch products that meet the new market demand to attract new users and increase the scale of subscription revenue. Provide users with value-added content materials and new cool AI features to increase user satisfaction and renewal rates, and consolidate market share.
 - (E) Continue making refinements to the facial recognition algorithm with the goal of further improving ranking in NIST's tests and becoming the world's top performer
 - (F) Continue to recruit talent required by the Company through various recruitment channels and provide employees with better employment conditions and environment

5.2.2. Main products and purposes:

Media playback	
<p>PowerDVD 22</p> 	<p>Power DVD is the world's No.1 video/audio playback software, featuring 4K UHD and 8K video quality, optimized version of Blu-ray and DVD playback, full support for all major audio/video formats and YouTube online platforms, and high-quality DTS-HD, Dolby audio, and 7.1 high-quality track surround sound. This maximizes the benefits of the home theater system, so that users can enjoy the theater watching experience comfortably at home.</p>















<p>PowerPlayer 365</p> 	<p>PowerPlayer organizes all of your media files in one place, giving you easy access to your favorite shows and films wherever you go. The player supports playback of 8K, 4K, and HDR10 video and HiFi 5.1 surround audio for the best viewing and listening experience. Using CyberLink Cloud, users may even access, view, and share media files wherever they go.</p>
<p>Video Clips & Expanded Content</p>	
<p>PowerDirector 365</p> 	<p>PowerDirector 365 is a movie editing software equipped with cutting-edge AI technology. The software combines powerful audio/video editing features and easy-to-use tools to provide users with new eye-catching special effects. With a smooth user experience and an ever-growing library of clips, PowerDirector 365 is suitable for both novice and professional movie editing professionals, allowing all creatives to edit their works in their own style without much effort.</p>
<p>Director Suite 365</p> 	<p>Director Suite 365 provides subscribers with a full range of audio and video editing functions, and continues to evolve and update throughout the year! Director Suite 365 combines four professional tools: video editing, photo editing, audio post-production, and video color grading. The software also provides unlimited access to Getty Images' huge material library. Searching directly within the software and choosing from thousands of materials gives full control of post-production. process, and complete masterpieces with ease!</p>
<p>ColorDirector 365</p> 	<p>ColorDirector is a professional video color grading software that precisely adjusts color details and features a built-in library of royalty-free licensed materials. Users can easily enhance the richness and professionalism of their work, creating outstanding videos with more layers.</p>
<p>AudioDirector365</p> 	<p>AudioDirector 365 is professional music editing software that perfectly edits, mixes, records and restores audio. The software applies world-class AI algorithm to delete or enhances the speech in the recording, and precisely removes the noise in the audio, so that you can easily achieve the sound you want.</p>
<p>ActionDirector 3</p> 	<p>ActionDirector is a video creation software tailor-made for sports video makers. Featuring an easy-to-use interface, even beginners are able to make astonishing works and take their adventurous moments to the next level!</p>

Photo editing	
	<p>PhotoDirector 365 provides exclusive AI tools, new functions, and comprehensive format support. Subscription users can also enjoy a wealth of expanded contents and software packages, giving them the most complete image editing experience! PhotoDirector 365 is a powerful AI technology that selects objects in the picture with one click, quickly performs memorization, analyzes the photos intelligently, and converts the photos into master drawings with one click.</p>
Video conferencing application & screen recording	
	<p>YouCam is an all-in-one video conferencing software that supports all online video applications from live streaming to business meeting. YouCam can be seamlessly integrated with Zoom, U Meeting, Microsoft Teams, Google Meet, Facebook, YouTube Live, Twitch, and popular live streaming software to provide skin smoothing, among other cosmetic filters, in real-time to look your best with just one click! At the same time, more than 200 types of augmented reality graphics or customized text and graphics can be used to add more wonderful elements to your meetings, video conferences or live broadcasts.</p>
Disc-writing and backup	
	<p>Power2Go is a comprehensive audio/video storage solution that satisfies the needs of CD burning, CD production, backup, and file conversion. With powerful support for all popular CD-ROM and video formats, you can easily drag and drop files and quickly complete data or video recording. Power2Go 13 is equipped with professional optical disc authoring functions and comprehensive menu editing tools, as well as free menu templates and background music, allowing you to create impressive DVD and Blue-ray discs with ease. Power2Go uses 256-bit military-grade encryption protection to ensure the safety of important data recorded to CD-ROM or USB.</p>
	<p>PowerProducer 6 helps you turn photo and video productions into Hollywood-style Blu-ray and DVD discs. It houses the most complete set of disc editing tools, supports the latest media formats, and converts files at unmatched speed. PowerProducer 6 is undoubtedly your best partner for authoring discs on Windows.</p>
Mobile Apps	
	<p>Promeo is a comprehensive marketing video production tool for corporate brands that helps you easily create eye-catching advertising videos. No design experience is required, and you can easily customize your own text and materials by applying thousands of high-quality video templates to easily enhance your branding power and interaction with fans.</p>
	<p>ActionDirector aims to deliver a mobile editing experience like never before. With a user-friendly interface and powerful editing tools built in, users can crop videos, adjust quality settings, and add special effects or music on the go to bring videos to life in just minutes!</p>

<p>PowerDirector</p> 	<p>PowerDirector 365 is loaded with all-round powerful creative tools, and uses intelligent assistant tools and eye-catching special effects to create amazing videos.</p>
<p>PhotoDirector</p> 	<p>PhotoDirector is an easy-to-use photo editing software that uses high-quality AI special effects to inspire unlimited creativity. Even a novice user can instantly create wonderful creations that are comparable to digital cameras.</p>

5.2.3. Supply of key materials

Name of key materials	Supplier	State of supply	Footnote
User manual, color box, and packaging	Kin-Shine Printing Corp.	Good	The Company provides the final design to be produced by the printing plant.
Discs	Kin-Shine Printing Corp.	Good	The Company provides a master disk of the software developed to be produced by the disc manufacturer.

5.2.4. Names of customers accounting for more than 10% of the total sales in any of the previous two years

1. Names of suppliers accounting for more than 10% of the total purchase in any of the previous two years

Unit: NT\$ thousands; %

Item	2022				2023			
	Name	Amount	% of annual net purchases	Relationship with the issuer	Name	Amount	% of annual net purchases	Relationship with the issuer
1	A	8,616	99.75	Not-related parties	A	7,038	99.90	Not-related parties
2	Others	22	0.25		Others	7	0.10	
	Net purchases	8,638	100.00		Net purchases	7,045	100.00	

Note: This chart represents audited consolidated financial information.

2. Names of customers accounting for more than 10% of the total sales in any of the previous two years:

Unit: NT\$ thousands; %

Item	2022				2023			
	Name	Amount	% of annual net sales	Relationship with the issuer	Name	Amount	% of net sales (%) in the previous quarter of the current year	Relationship with the issuer
1	A	642,186	37.97	Not-related parties	A	525,962	28.20	Not-related parties
2	B	187,675	11.10	Not-related parties	B	339,700	18.21	Not-related parties
3	C	287,445	17.00	Not-related parties	C	205,292	11.01	Not-related parties
	Others	573,894	33.93		Others	794,068	42.58	
	Net sales	1,691,200	100.00		Net sales	1,865,022	100.00	

Note: This chart represents audited consolidated financial information.

5.2.5. Production volume and value in the last two years

1. Consolidated production volume/value worldwide

The Company operates in the information and software industry; it is not involved in manufacturing and thus does not own any production facility. All production activities are performed by contractors. Therefore, there is no data on production capacity, volume, or value.

2. Production volume/value of the Taiwan parent company

The Company operates in the information and software industry; it is not involved in manufacturing and thus does not own any production facility. All production activities are performed by contractors. Therefore, there is no data on production capacity, volume, or value.

5.2.6. Sales volume/value in the last two years (global consolidated revenues)

Unit:NT\$ thousands

Production volume/value Main products	Year		Year	
	2022		2023	
	Sales value		Sales value	
	Domestic sale	Export sale	Domestic sale	Export sale
Media Creation	84,543	1,100,813	59,500	1,288,003
Media Experience and Entertainment and others	61,773	444,071	50,763	466,756
Total (Note)	146,316	1,544,884	110,263	1,754,759

Note: The company adopts various sales methods including online sales (including cloud subscriptions), mobile device apps, hardware bundling through licensing, and retail channels. Given the nature of the software industry, there are significant differences in the characteristics of these sales methods. Additionally, some of our licensing revenue is based on fixed fees rather than quantity, making traditional sales volume statistics less indicative of overall revenue.

5.3. Employee information in the last 2 years up until the publication date of annual report

5.3.1. Employee information in the last 2 years up until the publication date of annual report

<Global consolidated>

Unit: persons

Item	Year	2022	2023	2024 /3/31
Employee size	Managerial personnel	30	25	25
	Technology and R&D personnel	252	258	271
	General staff	161	169	162
	Total	443	452	458
Average age		36.3	36.3	36.1
Average years of service (years)		7.7	7.7	7.7
Analysis of employees' education	Doctoral Degree	5	5	5
	Master's Degree	272	280	288
	University (college)	166	167	165
	Senior high school	0	0	0
	Total	443	452	458

5.3.2. Work environment and protection of employees' safety:

The Company has established a safety and health code in accordance with worker safety and health regulations to maintain workplace safety and personnel safety. The following measures have been taken in this regard:

1. Establishment of a dedicated unit for the protection of the work environment and employees' personal safety: The Company has designated the Human Resources Department as the work environment and employee safety protection unit. This department is responsible for overseeing matters relating to the work environment and employees' personal safety.
2. Strict access control: The Company has a premise security control system in place, and uses a security system to protect its premise at night time and during holidays. The Company also maintains close contact with the police to ensure the safety of the office environment and employees.
3. Regular cleaning and disinfection of office environment: The Company cleans and disinfects the office environment on a yearly basis to keep the workplace clean.
4. Safety maintenance for employees working overtime at night: The Company has set up emergency contact with the local police within the office, and cooperates with designated taxi service providers to pick up employees who work overtime at night, and thereby ensuring their safety.
5. Regular safety and disaster prevention inspections for the office environment: The Company coordinates with the building's safety inspection department to conduct regular safety inspections of the office environment. Safety awareness campaigns and disaster prevention seminars are organized from time to time to ensure that the work environment conforms to safety standards.
6. Annual health checkups for employees: The Company organizes annual employee health checkups to monitor employees' health.
7. Comprehensive employee insurance coverage: In addition to mandatory Labor Insurance and National Health Insurance, the Company also arranges group insurance to provide employees with complete assurance with regard to their safety and health.

5.4. Contribution to environmental protection

The Company has not suffered any losses or penalties due to environmental pollution since 2023.

CyberLink is an IT software manufacturer, and no one-time waste is generated during the development process. In 2018, the Company switched to the use of thin boxes for retail sales in Germany and Taiwan, reducing paper consumption by 13% and the shipping volume by 50% for packaging and materials, effectively reducing carbon emissions. In addition, with the transformation of major products shifted to subscription, the production volume of retail color boxes and the usage of optical discs have been decreasing year by year. As of 2022, the production volume of boxed products reduced by 57% and the usage of optical discs by 63%.

The Company's main emission source is purchased electricity. In 2023, the

total power consumption of the parent company was approximately 905 MWh, equivalent to approximately 448 metric tons of carbon dioxide emissions. To support sustainability and environmental protection, CyberLink has been increasing the proportion of green electricity consumption by 10% year by year since 2021. By 2024, the proportion of green electricity consumption will reach 30%. At present, the electricity bill for green power is still higher than that for conventional power generation. In 2023, the Company spent approximately NTD 890,000 to purchase 155,000 kWh of green electricity, demonstrating CyberLink's dedication to promote global environmental protection and fulfill its social responsibilities.

5.5. Labor-management relations

The Company has always valued good labor-management relations. In addition to complying with relevant laws and regulations, the employee welfare measures, continuing education, training, retirement system, and various employee rights protection measures are as follows:

5.5.1. Employee benefits:

1. In order to attract outstanding talented people, the Company provides competitive remuneration packages, and makes annual salary adjustments based on the performance appraisal and future potential of employees, as well as economic inflation and the competitive market conditions in the same industry. In addition, the Company has also formulated incentive bonus measures for employees to enjoy the Company's earnings.
2. The Company provides comprehensive health and medical protection, including labor insurance, national health insurance, and group insurance. Group insurance includes life insurance, accident insurance, occupational disaster, critical illness, hospitalization and outpatient surgery medical insurance, accidental injury insurance, cancer insurance, and family members' insurance benefits.
3. Flexible working hours.
4. Employees are offered the option to work remotely or from home. They can apply for working from home if necessary.
5. The leave system is better than the statutory leave system (2 days of travel leave per year, 12 days of sick leave with full pay per year).
6. The health examination items are better than the statutory requirements.
7. Quarterly subsidy for departmental gatherings
8. Annual year-end activities.
9. An Employee Welfare Committee has been established to discuss meeting affairs and supervise the income and expenditure on a regular basis, and provide a number of recreational activities and subsidies for employees:
 - (1) Gifts/money for Dragon Boat Festival and Mid-Autumn Festival.
 - (2) Wedding subsidy, childbirth subsidy, funeral subsidy.
 - (3) Employee travel allowance.
 - (4) Regular subsidies are provided to employees for club activities, including childcare clubs, yoga clubs, running club, boxing & aerobics club, baseball club, etc., to enhance the friendship and emotional exchange among the Company's employees.

- (5) A variety of activities are organized to build up cohesion among employees and help relieve stress. These included half-day parent-child trip, spring one-day trip, basketball and table tennis games, photo competitions, family day challenge, and parent-child road running activities.

5.5.2. Employee health care and work environment management:

1. The Company has established sufficient recreational facilities, including yoga class, gymnasium, multi-functional karaoke room, and sky garden, providing employees with recreation, sports venues, and entertainment venues.
2. A medical office and a lactation room have been established to provide employees with privacy and safety. Special contracts with neighboring child care institutions have been signed. Employees can send their children to the child care to reduce their burden.
3. We hire full-time occupational health nurses to conduct annual health checkups for employees, provide nursing guidance and consultation, work injury prevention and treatment, review health checkup reports for new employees, health management follow-up, and implementation and analysis of four major regulatory schemes. Furthermore, contracted medical specialists provide on-site health services every three months to offer medical and referral consultation, assist in the assessment and identification of workplace risks and hazards, and advice on the prevention of occupational injuries and diseases to ensure the physical and mental health of employees.
4. Disinfection, waxing, and cleaning of the office environment are carried out twice a year to provide employees with a comfortable and clean workplace. There is also a night shift security guard to maintain the safety of the office environment and strengthen the control of personnel access.
5. Carbon dioxide monitoring and water dispenser water test are arranged every six months to ensure that employees are in compliance with the standards required by laws and regulations, and provide employees with a safe workplace.
6. Occupational safety management regulations have been formulated to prevent occupational disasters and protect the safety and health of employees in accordance with the Occupational Safety and Health Act and related regulations. We also have a fire prevention administrator in place to formulate a safety and fire protection plan. Moreover, employee firefighting and alarm training, fire safety equipment maintenance, fire evacuation facilities and energy equipment use are implemented every six months to ensure the safety of the office premises.

5.5.3. Continuing education and training:

1. Management competency training
 - (1) For high-ranking managers, the Chairman chairs the meeting personally. Bi-weekly coffee meetings are used to pass on leadership and management experience and cultivate the innovative thinking ability of senior managers.
 - (2) For mid-level executives, education and training focuses on

improving leadership, team management and communication skills to meet new business challenges.

- (3) Basic management education courses are provided for junior managers to ensure that new managers have basic management knowledge to face new challenges.
2. Professional competency training
 - (1) Customized professional courses are arranged for each professional function such as R&D, finance and accounting, legal affairs, marketing, human resources, project management, etc. Employees may also apply for external training.
 - (2) Each department is encouraged to organize internal refresher programs according to their specific functions. Employees can improve their professional knowledge and skills through self-study and sharing in the form of reading clubs or professional theme sharing to establish a learning environment.
 - (3) Unscheduled participation in international academic conferences and computer shows.
 - (4) Scholars and experts are invited from time to time to give speeches at the company.
3. General education and training
 - (1) Sexual harassment prevention courses are regularly arranged to prevent illegal violations in the workplace and establish a friendly workplace.
 - (2) Information security training is periodically arranged to establish employees' awareness of information security and standard procedures.
 - (3) Personal information protection education and training is arranged on a regular basis to enable employees to fully understand the importance of personal information and legal responsibilities for disclosure of personal information.
 - (4) Ethical management training is arranged regularly to enable employees to fully understand the Company's ethical management philosophy.
4. Training and care for new recruits
 - (1) Monthly training for new recruits is conducted to help them understand the Company's organization and core values.
 - (2) The Company will also assign a non-managerial colleague to serve as a new employee's little angel to increase the interaction between the new employee and other colleagues, enhance employee care, and help new employees quickly adapt to the Company's culture and procedures.
5. Language proficiency training

The Company values English communication skills and is committed to cultivating international talent. A variety of free English education and training courses are held every year.

The Company organized 766 sessions for a total of 977.4 hours in 2023. Course enrollment totaled 10,220, and training expenses amounted to NT\$631.251.

Course category	Sessions	Enrollments	Hours	Expenses (NT\$ thousands)
Management training	2	51	6.5	24.965
Specialized training	693	9,130	850.6	483.371
Elite training	26	343	33	26.255
Language training	32	532	64	54.857
Others	13	215	23.3	41.803
Total	766	10,220	977.4	631.251

5.5.4. Retirement system:

1. In accordance with the provisions of the Labor Standards Act, the Company regularly allocates the labor pension reserve into a special account at the Bank of Taiwan, and convenes a meeting of the Labor Pension Reserve Supervisory Committee on a quarterly basis to ensure that the pension fund is adequate.
2. The new labor retirement system was implemented on July 1, 2005. According to the Labor Pension Act, for those who opt for the new system, the Company shall contribute no less than 6% of the employees' monthly wages to the labor pension account each month. Retirement-related matters are handled in accordance with the regulations of the Labor Pension Act.
3. The Company has established its own retirement system in accordance with the regulations related to retirement set forth in the "Labor Standards Act" and "Labor Pension Act".

5.5.5. Coordination between labor and management and various measures to protect the rights and interests of employees:

1. Labor-management meetings: The Company introduced labor-management meetings in July 2017; these meetings are held every three months to discuss employees' suggestions and improvements, and are intended to create a harmonic work environment.
2. Sexual harassment and stalking harassment complaint mailbox/hotline: to provide employees with a work environment free from sexual harassment, a dedicated complaint mailbox and hotline have been established to provide employees with a safe complaint channel.
3. Whistleblower complaint mailbox: In order to implement the Company's ethical corporate culture value, the Company has formulated the "Whistleblowing Policy" and has a dedicated whistle-blowing mailbox.

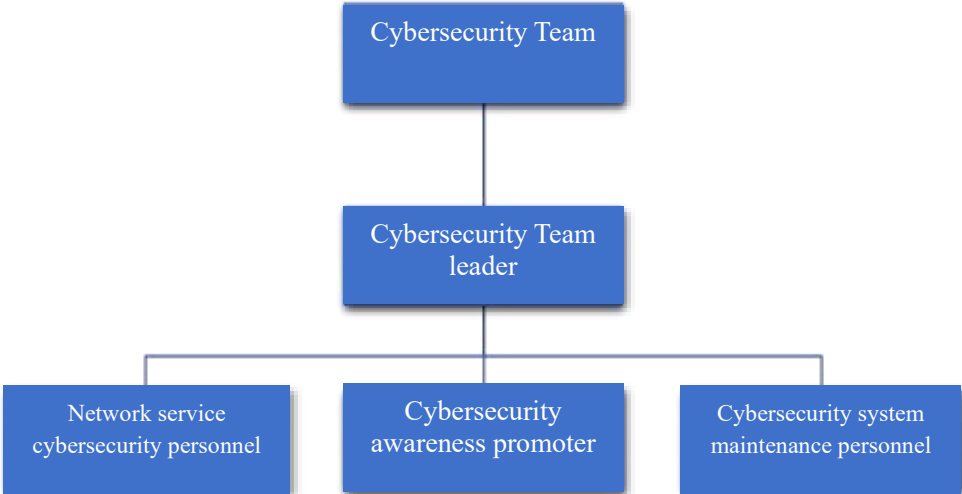
5.5.6. The Company's losses due to labor disputes in the most recent year and up to the publication date of the annual report: None.

5.6. Cybersecurity management

The Company has developed its own cybersecurity risk management plan in accordance with government regulations and requirements to ensure the confidentiality, integrity, and availability of information held in possession.

5.6.1 Cybersecurity risk management framework and cybersecurity policy

A cybersecurity team has been assembled under the IT Department to oversee coordination and execution of the cybersecurity policy. The cybersecurity policy includes compliance guidelines for network service engineers and employees of the Company. The Company also provides cybersecurity training for network service engineers, so that they have the skills necessary to implement sophisticated cybersecurity protections for all of the Company’s online services. Meanwhile, employees’ cybersecurity training courses focus more on raising employees’ cybersecurity awareness.



Organizational chart for the Cybersecurity Team

For network service engineers, the Cybersecurity Team gathers relevant information and takes protection measures immediately in response to cybersecurity incidents. Arrangements are also made to have engineers take part in cybersecurity seminars, where they can develop the skills needed to enhance cybersecurity in network service. With regards to the Company’s network services, the Cybersecurity Team conducts vulnerability scans and source code scans regularly to ensure that all network services are adequately protected. In addition to internal vulnerability scans and source code scans, the Cybersecurity Team also engages third-party institutions to perform penetration tests and obtains test reports and certifications. These exercises help prevent leak of important data. Aside from system scans and tests, the Cybersecurity Team assigns a dedicated personnel to oversee cybersecurity of each network service, and creates a cybersecurity incident reporting group to ensure that the cybersecurity policy is duly enforced and that incidents are handled in a proper manner.

For employees of the Company, the Cybersecurity Team organizes

regular programs to promote cybersecurity awareness, and makes tutorial videos to be used in the training of new recruits. Furthermore, the Cybersecurity Team forces employees to change passwords for internal systems in regular intervals, and ensures that protection software is installed on all workstations and are updated regularly. Employees are required to sign in to internal systems using multi-factor authentication. When accessing internal systems outside company premise, employees are required to use secured connection combined with two-factor authentication in order to connect to the Intranet. All remote connection attempts are recorded on system and notified to relevant personnel.

In addition to the above, the Cybersecurity Team is also responsible for maintaining the effectiveness of cybersecurity solutions and procedures. The Company allocates cybersecurity budgets each year to enforce cybersecurity management and to provide the required technologies, hardware, and software so that network services, systems, and equipment are adequately protected to free of cybersecurity concern.

5.6.2. Management solutions and commitment to cybersecurity management resources

- (1) Internet security control: Firewall, regular virus scan, intrusion detection and protection, and tracking of network anomaly.
- (2) Data access control: quarterly update of system password, rigorous control of access rights, control of remote logins to information system, and multi-factor authentication for internal information systems have all been adopted to prevent unexpected login due to account name and password leak.
- (3) Data backup and restoration drill: Corporate data is backed up daily to off-site facilities, and data restoration drills are organized to ensure that data is not lost in the event of an attack.
- (4) Cybersecurity training and promotion: The Company conducts organization-wide cybersecurity awareness programs on a quarterly basis, and makes annual arrangements to have network service engineers take part in cybersecurity conferences and share findings internally to help improve professional capacity of the Cybersecurity Team.
- (5) Renewal of cybersecurity software and hardware: All cybersecurity software and hardware within the Company are inspected and renewed on a regular basis. This includes firewalls, intrusion detection and protection systems, anti-phishing software, spam mail filters, vulnerability scanning systems, system backup software, and tape backups.

5.6.3. Losses arising as a result of major cybersecurity incidents in the last year up until the publication date of annual report, and possible impacts and response measures; state the reasons if losses can not be reasonably estimated: None.

5.7. Major contracts

March 31, 2024

Contract nature	Parties involved	Contract start/end date	Main details	Restrictions
Patent licensing	BHA	August 1, 2004 - now	CLIP Source code	None
Patent licensing	Via Licensing (formerly mpeg LA)	20060101~20271231 (Automatically renewed for 5 years upon maturity)	VC-1 Patent Portfolio	None
Technology licensing	Dolby Laboratories	October 1, 2012 - now	Dolby Codec Program	None
Patent licensing	One-Blue, LLC	20110701~20260630 (Automatically renewed for 5 years upon maturity, until the patent expires)	Licensing of Blu-ray basic patent	None
Patent licensing (renewal)	Toshiba	20180101~20271231 (Automatically renewed for 5 years upon maturity)	Premier BD Patent License	None
Patent licensing	Via Licensing (formerly mpeg LA)	20020801~20251231 (Automatically renewed for 5 years upon maturity)	H.264 (AVC) Patent Portfolio	None
Patent licensing	Via Licensing (formerly mpeg LA)	20130501~20251231 (Automatically renewed for 5 years upon maturity)	H.265 (HEVC) Patent Portfolio	None
Patent licensing	Access Advance	20161101~20251231	H.265 (HEVC) Patent Portfolio	None

6. Financial Highlights and Analysis

6.1. Condensed balance sheet and comprehensive income statement for the past 5 years

1. Condensed balance sheet for the past 5 years

1. Consolidated financial statements

Unit: NT\$ thousands

Item	Year	Financial information for the past 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		3,018,970	2,269,145	1,946,624	2,063,676	2,199,897
Long-term investments (Note 2)		676,201	1,057,940	280,426	2,027,160	1,777,835
Property, plant and equipment, net (Note 3)		483,900	483,854	454,649	437,460	432,977
Right-of-use assets		10,536	17,996	4,585	10,879	14,824
Investment property, net		1,251,034	1,239,664	1,228,294	1,226,913	1,215,277
Intangible asset		-	2,116	2,057	2,250	-
Other assets		54,070	62,227	47,888	55,903	86,578
Total assets		5,494,711	5,132,942	3,964,523	5,824,241	5,727,388
Current liabilities	Before distribution	716,849	714,056	669,795	707,381	841,540
	After distribution (Note 5)	1,022,180	891,801	805,141	888,947	(Note 4)
Non-current liabilities		597,275	602,730	588,271	467,118	434,537
Total Liabilities	Before distribution	1,314,124	1,316,786	1,258,066	1,174,499	1,276,077
	After distribution (Note 5)	1,619,455	1,494,531	1,393,412	1,356,065	(Note 4)
Equity attributable to shareholders of the parent		-	-	-	-	-
Capital Stock		845,992	826,003	773,533	789,418	789,418
Capital surplus	Before distribution	1,130,694	1,177,301	703,016	2,468,920	2,247,436
	After distribution (Note 5)	-	-	667,424	-	-
Retained earnings	Before distribution	2,333,141	2,213,279	1,472,315	1,561,705	1,600,760
	After distribution (Note 5)	2,027,810	2,035,534	1,372,561	1,380,139	(Note 4)
Other equity interest		(129,240)	(185,920)	(242,407)	(170,301)	(186,303)
Treasury shares		-	(214,507)	-	-	-
Total equity	Before distribution	4,180,587	3,816,156	2,706,457	4,649,742	4,451,311
	After distribution (Note 5)	3,875,256	3,638,411	2,571,111	4,468,176	(Note 4)

Note 1: The above financial information between FY2019 and FY2023 has been audited by PwC Taiwan.

Note 2: Long-term investments include non-current financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets carried at cost after amortization, and equity-accounted investments.

Note 3: No asset revaluation was performed in any year.

Note 4: The appropriation of earnings for FY2023 has been approved by the Board of Directors on March 27, 2024, pending the resolution of the shareholders' meeting.

Note 5: Based on cash dividends from earnings or reserves as resolved by the shareholders' meeting in the following year.

2. Parent company only financial statements

Unit: NT\$ thousands

		Financial information for the past 5 years (Note 1)				
		2019	2020	2021	2022	2023
	Year					
	Item					
Current assets		1,808,889	1,344,827	1,167,681	1,405,185	1,614,447
Long-term investments (Note 2)		1,690,676	1,839,245	994,945	2,683,972	2,349,443
Property, plant and equipment, net (Note 3)		319,330	319,883	311,897	300,858	306,487
Right-of-use assets		8,181	8,779	4,585	10,879	14,824
Investment property, net		1,251,034	1,239,664	1,228,294	1,226,913	1,215,277
Intangible asset		-	2,116	2,057	2,250	-
Other assets		27,729	35,940	32,105	37,604	62,646
Total assets		5,105,839	4,790,454	3,741,564	5,667,661	5,563,124
Current liabilities	Before distribution	336,245	382,577	446,836	550,801	677,276
	After distribution (Note 5)	641,576	560,322	582,182	732,367	(Note 4)
Non-current liabilities		589,007	591,721	588,271	467,118	434,537
Total Liabilities	Before distribution	925,252	974,298	1,035,107	1,017,919	1,111,813
	After distribution (Note 5)	1,230,583	1,152,043	1,170,453	1,199,485	(Note 4)
Equity attributable to shareholders of the parent		-	-	-	-	-
Capital Stock		845,992	826,003	773,533	789,418	789,418
Capital surplus	Before distribution	1,130,694	1,177,301	703,016	2,468,920	2,247,436
	After distribution (Note 5)	-	-	667,424	-	-
Retained earnings	Before distribution	2,333,141	2,213,279	1,472,315	1,561,705	1,600,760
	After distribution (Note 5)	2,027,810	2,035,534	1,372,561	1,380,139	(Note 4)
Other equity interest		(129,240)	(185,920)	(242,407)	(170,301)	(186,303)
Treasury shares		-	(214,507)	-	-	-
Total equity	Before distribution	4,180,587	3,816,156	2,706,457	4,649,742	4,451,311
	After distribution (Note 5)	3,875,256	3,638,411	2,571,111	4,468,176	(Note 4)

Note 1: The above financial information between FY2019 and FY2023 has been audited by PwC Taiwan.

Note 2: Long-term investments include non-current financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets carried at cost after amortization, and equity-accounted investments.

Note 3: No asset revaluation was performed in any year.

Note 4: The appropriation of earnings for FY2023 has been approved by the Board of Directors on March 27, 2024, pending the resolution of the shareholders' meeting.

Note 5: Based on cash dividends from earnings or reserves as resolved by the shareholders' meeting in the following year.

6.1.2. Condensed statement of comprehensive income

(1) Consolidated financial statements

Unit: NT\$ thousands (except EPS which is in dollars)

Item	Year	Financial information for the past 5 years (Note)				
		2019	2020	2021	2022	2023
Net revenue		1,454,646	1,640,662	1,577,069	1,691,200	1,865,022
Gross profit		1,229,597	1,357,836	1,321,773	1,462,323	1,595,606
Operating income		258,577	237,449	196,882	197,244	150,115
Non-operating income and expenses		217,014	16,167	(698,435)	23,690	155,763
Income before income tax		475,591	253,616	(501,553)	220,934	305,878
Income from continuing operations for the year		379,945	188,421	(562,766)	183,625	222,036
Net income (loss)		379,945	188,421	(562,766)	183,625	222,036
Other comprehensive income for the period		(47,182)	(59,243)	(56,684)	77,418	(17,381)
Total comprehensive income for the period		332,763	129,178	(619,450)	261,043	204,655
Net(loss) income attributable to shareholders of the parent		379,945	188,421	(562,766)	183,625	222,036
Total comprehensive (loss) income attributable to shareholders of the parent		332,763	129,178	(619,450)	261,043	204,655
Earnings per share (EPS)		4.53	2.26	(7.21)	2.34	2.81

Note: The above financial information has been audited (auditor-reviewed) by PwC Taiwan.

(2) Parent company only financial statements

Unit: NT\$ thousands (except EPS which is in dollars)

Item	Year	Financial information for the past 5 years (Note)				
		2019	2020	2021	2022	2023
Net revenue		1,037,065	1,331,777	1,343,676	1,407,331	1,556,729
Gross profit		923,407	1,158,730	1,166,176	1,243,521	1,341,876
Operating income		211,475	225,873	228,457	231,643	165,521
Non-operating income and expenses		214,776	1,752	(732,711)	(9,326)	143,708
Income before income tax		426,251	227,625	(504,254)	222,317	309,229
Income from continuing operations for the year		379,945	188,421	(562,766)	183,625	222,036
Net income for the period		379,945	188,421	(562,766)	183,625	222,036
Other comprehensive (loss) income		(47,182)	(59,243)	(56,684)	77,418	(17,381)
Total comprehensive income for the period		332,763	129,178	(619,450)	261,043	204,655
Earnings per share (EPS)		4.53	2.26	(7.21)	2.34	2.81

Note: The above financial information has been audited by PwC Taiwan.

6.1.3. CPAs and their audit opinions in the past 5 years

Year	Name of accounting firm	Name of CPA	Opinion
2019	PwC Taiwan	Wang, Chao-Ming; Lin, Chun-Yao	Unqualified opinion
2020	PwC Taiwan	Lai, Chung-Hsi; Lin, Chun-Yao	Unqualified opinion
2021	PwC Taiwan	Lai, Chung-Hsi; Lin, Chun-Yao	Unqualified opinion
2022	PwC Taiwan	Huang, Chin-Lien, Lai, Chung-Hsi	Unqualified opinion
2023	PwC Taiwan	Huang, Chin-Lien, Lai, Chung-Hsi	Unqualified opinion

6.2. Financial analysis for the past 5 years

6.2.1 Consolidated financial statements

		Year	Financial analysis for the past 5 years (Note 1)				
		2019	2020	2021	2022	2023	
Financial Structure %	Debt ratio	23.92%	25.65%	31.73%	20.17%	22.28%	
	Long-term Fund to Property, Plant and Equipment	863.94%	788.70%	595.28%	1062.90%	1028.07%	
Solvency %	Current ratio	421.14%	317.78%	290.63%	291.73%	261.41%	
	Quick ratio	418.43%	313.63%	286.79%	288.92%	257.83%	
	Time Interest Earned (Note 2)	3,899	1,049	(3,388)	2,695	1,508	
Operating Performance	Average Collection Turnover (times)	12.68	15.84	17.78	16.10	13.69	
	Days Sales Outstanding	28.78	23.04	20.52	22.67	26.66	
	Average Inventory Turnover (times)	24.93	25.75	41.75	39.18	54.90	
	Average Payment Turnover (times)	1.46	2.00	3.85	4.17	5.48	
	Average Inventory Turnover Days	14.64	14.17	8.74	9.31	6.64	
	Property, plant and equipment, net Inventory turnover (times)	3.01	3.39	3.47	3.87	4.31	
	Total Assets Turnover (times)	0.26	0.32	0.40	0.29	0.33	
Profitability %	Return on assets (%)	7.12%	3.55%	(12.37%)	3.75%	3.85%	
	Return on Equity attributable to Shareholders of the Parent (%)	9.47%	4.71%	(17.26%)	4.99%	4.88%	
	Pre-tax Income to Paid-in Capital Ratio (%)	56.22%	30.70%	(64.84%)	27.99%	38.75%	
	Net profit margin (%)	26.12%	11.48%	(35.68%)	10.86%	11.91%	
	Earnings per share (EPS) (in dollars)	4.53	2.26	(7.21)	2.34	2.81	
Cash Flow %	Cash Flow Ratio (%)	-2.64%	-12.43%	15.64%	7.87%	9.09%	
	Cash Flow Adequacy Ratio (%)	141.80%	150.28%	139.46%	120.24%	106.38%	
	Cash Flow Reinvestment Ratio (%)	-0.54%	-2.79%	5.02%	1.43%	1.56%	
Leverage	Operating Leverage	4.09	4.55	5.54	5.86	8.21	
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	

Variation of financial ratios in the last 2 years (not required for variations below 20%):

1. Times interest earned was lower than the previous period as the increase in interest expense was greater than the increase in net income before tax.
2. The increase in inventory turnover and payables turnover and the decrease in average sales days were mainly due to the increase in service cost of the sales platform.
3. The decrease in operating profit to paid-in capital ratio was mainly due to the decrease in operating profit.
4. The increase in net income before tax to paid-in capital ratio was due to the increase in net income before tax.
5. The increase in cash reinvestment ratio from the previous period was mainly due to the increase in net cash inflow from operating activities.
6. Operating Degree of operating leverage increased mainly due to lower operating profits.

Note 1: This chart represents audited consolidated financial information.

6.2.2 Parent company only financial statements

Items		Year	Financial analysis for the past 5 years (Note 1)				
		2019	2020	2021	2022	2023	
Financial Structure %	Debt ratio	18.12%	20.34%	27.67%	17.96%	19.99%	
	Long-term Fund to Property, Plant and Equipment	1,309.17%	1,192.98%	867.74%	1545.49%	1452.37%	
Solvency %	Current ratio	537.97%	351.52%	261.32%	255.12%	238.37%	
	Quick ratio	533.17%	345.05%	257.19%	252.93%	234.65%	
	Time Interest Earned (Note 2)	19,376	1,822	(5,144)	2,712	1,524	
Operating Performance	Average Collection Turnover (times)	12.55	15.40	24.78	18.68	15.76	
	Days Sales Outstanding	29.08	23.70	14.73	19.54	23.16	
	Average Inventory Turnover (times)	10.01	11.53	29.18	28.67	44.63	
	Average Payment Turnover (times)	1.39	2.22	5.20	4.79	7.01	
	Average Inventory Turnover Days	36.46	31.65	12.50	12.73	8.17	
	Property, plant and equipment, net Inventory turnover (times)	3.25	4.16	4.31	4.68	5.08	
	Total Assets Turnover (times)	0.20	0.28	0.36	0.25	0.28	
Profitability %	Return on assets (%)	7.68%	3.81%	(13.19%)	3.90%	3.96%	
	Return on Equity attributable to Shareholders of the Parent (%)	9.47%	4.71%	(17.26%)	4.99%	4.88%	
	Pre-tax Income to Paid-in Capital Ratio (%)	50.38%	27.56%	(65.19%)	28.16%	39.17%	
	Net profit margin (%)	36.64%	14.15%	(41.88%)	13.05%	14.26%	
	Earnings per share (EPS) (in dollars)	4.53	2.26	(7.21)	2.34	2.81	
Cash Flow %	Cash Flow Ratio (%)	-3.38%	16.10%	42.05%	40.25%	23.16%	
	Cash Flow Adequacy Ratio (%)	165.24%	188.15%	188.89%	182.71%	150.95%	
	Cash Flow Reinvestment Ratio (%)	-0.32%	1.93%	8.97%	5.68%	3.20%	
Leverage	Operating Leverage	3.92	4.34	4.32	4.54	6.64	
	財務槓桿度	1.00	1.00	1.00	1.00	1.00	
Variation of financial ratios in the last 2 years (not required for variations below 20%): <ol style="list-style-type: none"> 1. Times interest earned was lower than the previous period as the increase in interest expense was greater than the increase in net income before tax. 2. The increase in inventory turnover and payables turnover and the decrease in average sales days were mainly due to the increase in service cost of the sales platform. 3. The decrease in operating profit to paid-in capital ratio was mainly due to the decrease in operating profit. 4. The increase in net income before tax to paid-in capital ratio was due to the increase in net income before tax. 5. The decrease in cash flow ratio and cash reinvestment ratio from the previous period was mainly due to the decrease in net cash inflow from operating activities. 6. Operating Degree of operating leverage increased mainly due to lower operating profits. 							

Note 1: This chart represents audited parent company only financial information.

Formulas for calculation of various analyses:

1. Financial Structure

- (1) Debts ratio = total liabilities/ total assets
- (2) Long-term Fund capital to Property, Plant and Equipment = (net shareholders' equity + long-term liabilities) / net fixed assets

2. Solvency

- (1) Current Ratio = current assets / current liabilities
- (2) Quick Ratio = (current assets - inventory - prepayments) / current liabilities
- (3) Times Interest Earned = net profit before interest and tax / interest expenses for the current period

3. Operating Performance

- (1) Average Collection Turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities)
- (2) Days Sales Outstanding = 365 / receivables turnover
- (3) Average Inventory Turnover = cost of sales/average inventory balance
- (4) Average Payment Turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities)
- (5) Average Inventory Turnover Days = 365 / inventory turnover
- (6) Property, Plant and Equipment Turnover = net sales / net fixed assets
- (7) Total Assets Turnover = net sales/total assets

4. Profitability

- (1) Return Total Assets = (net income + interest expenses x (1- tax rate)) / average asset balance
- (2) Return Equity attributable to Shareholders of the Parent = net income/ average shareholders' equity
- (3) Net Margin = net income / net sales
- (4) Earnings (Losses) = (net income (loss) - preferred share dividends) / weighted average outstanding shares

5. Cash Flow

- (1) Cash Flow Ratio = net cash flow from operating activities / current liabilities
- (2) Cash Flow Adequacy Ratio = net cash flow from operating activities for the previous 5 years / (capital expenditure + increase in inventory + cash dividends) for the previous 5 years
- (3) Cash Flow Reinvestment Ratio = (net cash flow from operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital)

6. Leverage

- (1) Operating Leverage = (net operating revenues - variable operating costs and expenses) / operating profit
- (2) Financial Leverage = operating profit / (operating profit - interest expense)

6.3 Audit Committee's Review Report

Audit Committee's Review Report

The 2023 financial statements (including parent company only financial statements and consolidated financial statements) presented by the Board of Directors have been audited by CPA Huang, Chin-Lien and CPA Lai, Chung-Hsi of PwC Taiwan. We, the Audit Committee, have reviewed the above financial statements along with the business report and earnings distribution proposal, and consider them having presented a fair view of the Company's financial position and business performance, for which we issue this review report in accordance with the relevant provisions of the Securities and Exchange Act and the Companies Act .

For

CyberLink Corp.

Audit Committee convener

Yean-Jen Shue

March 27, 2024

6.4 The latest financial statements

CYBERLINK CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. In addition, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

CyberLink Corp.

Huang, Jau-Hsiung

February 29, 2024

Independent Auditor’s Report translated from Chinese

To the Board of Directors and Stockholders of CyberLink Corp.

Opinion

We have audited the accompanying consolidated balance sheets of CyberLink Corp. and subsidiaries (the “Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group’s 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

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

Description

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

The Group generates revenue through various sales types, including online product downloads via partnering e-commerce platforms, sales through channels, and bundled products sold with computer hardware. Among them, revenue generated from online products downloads via partnering e-commerce platforms accounts for 59.61% of the Group's total revenue. After consumers downloaded products online to their devices such as computers and mobile phones, the Group obtains sales report regularly from the e-commerce platforms and recognizes sales revenue according to the rights and obligations stated in the agreements. As the frequency of sales reports provided by different e-commerce platforms differs, and the process of recognizing revenue usually involves manual operations, there may be differences in the timing of revenue recognition near the end of the financial reporting period, which could have a significant impact on the presentation of the consolidated financial statements. Therefore, we consider that the accuracy of revenue recognition timing for online product downloads via partnering e-commerce platforms is one of the key audit matters for this current fiscal year.

How our audit addressed the matter

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

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

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

Description

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

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

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

How our audit addressed the matter

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

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

Other matter - Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CyberLink Corp. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design, and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PwC Taiwan

Huang, Chin-Lien

Certified Public Accountant

Lai, Chung-Hsi

February 29, 2024

Notes to Readers

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

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

ASSETS	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 441,661	8	\$ 1,743,889	30
1110	Current financial assets at fair value through profit or loss	6(2)	130,624	2	20,193	1
1136	Current financial assets at amortized cost	6(3)	1,474,080	26	122,840	2
1140	Current contract assets	6(22)	-	-	13,154	-
1170	Accounts receivable, net	6(5)	108,826	2	119,289	2
1200	Other receivables		4,906	-	3,838	-
1210	Other receivables - related parties	7	2,162	-	2,577	-
1220	Current income tax assets		7,503	-	17,974	-
130X	Inventories		3,727	-	6,088	-
1470	Other current assets		26,408	-	13,834	-
11XX	Total current assets		<u>2,199,897</u>	<u>38</u>	<u>2,063,676</u>	<u>35</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	275,926	5	280,625	5
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	248	-	248	-
1550	Investments accounted for using the equity method	6(6) and 7	1,501,661	26	1,746,287	30
1600	Property, plant and equipment, net	6(7)	432,977	8	437,460	8
1755	Right-of-use assets	6(8) and 7	14,824	-	10,879	-
1760	Investment property, net	6(10)	1,215,277	21	1,226,913	21
1780	Intangible asset		-	-	2,250	-
1840	Deferred income tax assets	6(30)	62,738	1	49,102	1
1900	Other non-current assets		23,840	1	6,801	-
15XX	Total non-current assets		<u>3,527,491</u>	<u>62</u>	<u>3,760,565</u>	<u>65</u>
1XXX	Total assets		<u>\$ 5,727,388</u>	<u>100</u>	<u>\$ 5,824,241</u>	<u>100</u>

(Continue on next page)

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2130	Current contract liabilities	6(22)	\$ 362,766	6	\$ 258,117	4
2170	Accounts payable	6(11)	43,438	1	54,967	1
2200	Other payables	6(12)	381,136	7	343,211	6
2230	Income tax payable		4,455	-	2,730	-
2280	Current lease liabilities	6(8)(33) and 7	5,823	-	5,512	-
2300	Other current liabilities	6(13)	43,922	1	42,844	1
21XX	Total current liabilities		<u>841,540</u>	<u>15</u>	<u>707,381</u>	<u>12</u>
Non-current liabilities						
2550	Non-current provisions	6(14)	351,268	6	389,716	7
2570	Deferred income tax liabilities	6(30)	8,451	-	8,451	-
2580	Non-current lease liabilities	6(8)(33) and 7	9,497	-	5,761	-
2600	Other non-current liabilities	6(15)(16)	65,321	1	63,190	1
25XX	Total non-current liabilities		<u>434,537</u>	<u>7</u>	<u>467,118</u>	<u>8</u>
2XXX	Total Liabilities		<u>1,276,077</u>	<u>22</u>	<u>1,174,499</u>	<u>20</u>
Equity						
Equity attributable to shareholders of the parent						
Capital Stock 6(18)						
3110	Common stock		789,418	14	789,418	13
Capital surplus 6(19)						
3200	Capital surplus		2,247,436	39	2,468,920	43
Retained earnings 6(20)						
3310	Legal reserve		1,092,794	19	1,092,794	19
3320	Special reserve		170,301	3	242,407	4
3350	Unappropriated earnings		337,665	6	226,504	4
Other equity interest 6(21)						
3400	Other equity interest		(186,303)	(3)	(170,301)	(3)
31XX	Equity attributable to shareholders of the parent		<u>4,451,311</u>	<u>78</u>	<u>4,649,742</u>	<u>80</u>
3XXX	Total equity		<u>4,451,311</u>	<u>78</u>	<u>4,649,742</u>	<u>80</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments 6(8)(9) and 7						
Significant Events after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 5,727,388</u>	<u>100</u>	<u>\$ 5,824,241</u>	<u>100</u>

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Item	Notes	Year ended December 31			
			2023		2022	
			Amount	%	Amount	%
4000	Net revenue	6(22)	\$ 1,865,022	100	\$ 1,691,200	100
5000	Operating costs	6(23) (28)	(269,416)	(14)	(228,877)	(13)
5900	Gross profit		<u>1,595,606</u>	<u>86</u>	<u>1,462,323</u>	<u>87</u>
	Operating expenses	6(16) (28) (29) and 7				
6100	Sales and marketing expenses		(709,237)	(38)	(624,359)	(37)
6200	General and administrative expenses		(118,491)	(6)	(107,884)	(6)
6300	Research and development expenses		(586,610)	(32)	(532,836)	(32)
6450	Expected credit loss	12(2)	(31,153)	(2)	-	-
6000	Total operating expenses		<u>(1,445,491)</u>	<u>(78)</u>	<u>(1,265,079)</u>	<u>(75)</u>
6900	Operating income		<u>150,115</u>	<u>8</u>	<u>197,244</u>	<u>12</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(24)	82,159	4	19,881	1
7010	Other income	6(9)(10) (25) and 7	90,228	5	71,174	4
7020	Other gains or losses	6(2)(27)	(16,421)	(1)	22,117	1
7050	Financial costs	6(8)(27) and 7	(203)	-	(82)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	-	-	(89,400)	(5)
7000	Total non-operating income and expenses		<u>155,763</u>	<u>8</u>	<u>23,690</u>	<u>1</u>
7900	Income before income tax		<u>305,878</u>	<u>16</u>	<u>220,934</u>	<u>13</u>
7950	Income tax expenses	6(30)	(83,842)	(4)	(37,309)	(2)
8200	Net income		<u>\$ 222,036</u>	<u>12</u>	<u>\$ 183,625</u>	<u>11</u>
	Other comprehensive (loss) income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Gain (loss) on rereasurement of defined benefit plans	6(16)	(\$ 1,724)	-	\$ 7,929	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	345	-	(1,586)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		<u>(1,379)</u>	<u>-</u>	<u>6,343</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss subsequently					
8361	Exchange differences arising on translation of foreign operations	6(21)	(14,076)	(1)	63,421	4
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)(21)	(1,926)	-	7,654	-
8360	Components of other comprehensive income that will be reclassified to profit or loss subsequently		<u>(16,002)</u>	<u>(1)</u>	<u>71,075</u>	<u>4</u>
8300	Other comprehensive income (net)		<u>(\$ 17,381)</u>	<u>(1)</u>	<u>\$ 77,418</u>	<u>4</u>
8500	Total comprehensive income		<u>\$ 204,655</u>	<u>11</u>	<u>\$ 261,043</u>	<u>15</u>
	Net income, attributable to:					
8610	Shareholders of the parent		<u>\$ 222,036</u>	<u>12</u>	<u>\$ 183,625</u>	<u>11</u>
8710	Total comprehensive income, attributable to: Shareholders of the parent		<u>\$ 204,655</u>	<u>11</u>	<u>\$ 261,043</u>	<u>15</u>
	Earnings per share (EPS) (NT\$)	6(31)				
9750	Basic earnings per share		<u>\$ 2.81</u>		<u>\$ 2.34</u>	
9850	Diluted earnings per share		<u>\$ 2.77</u>		<u>\$ 2.33</u>	

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Equity attributable to shareholders of the parent							Total equity
		Retained earnings					Other equity interest		
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	
Year 2022									
Balance at January 1, 2022		\$ 773,533	\$ 703,016	\$ 1,192,548	\$ 185,920	\$ 93,847	(\$ 230,112)	(\$ 12,295)	\$ 2,706,457
Net income for the period		-	-	-	-	183,625	-	-	183,625
Other comprehensive income for 2022	6(21)	-	-	-	-	6,343	71,075	-	77,418
Total comprehensive income for 2022		-	-	-	-	189,968	71,075	-	261,043
Distribution of 2021 earnings:	6(20)								
Provision of special reserve		-	-	-	56,487	(56,487)	-	-	-
Share-based payment transactions	6(19)	-	9,061	-	-	-	-	-	9,061
Exercise of employee stock options	6(18)(19)	15,885	54,009	-	-	-	-	-	69,894
Change in net equity of associates accounted for using the equity method	6(19)(21)	-	1,738,426	-	-	(824)	1,031	-	1,738,633
Distribution of cash dividend through legal reserve	6(20)	-	-	(99,754)	-	-	-	-	(99,754)
Distribution of cash dividend through capital surplus	6(20)	-	(35,592)	-	-	-	-	-	(35,592)
Balance as of December 31, 2022		\$ 789,418	\$ 2,468,920	\$ 1,092,794	\$ 242,407	\$ 226,504	(\$ 158,006)	(\$ 12,295)	\$ 4,649,742
Year 2023									
Balance at January 1, 2023		\$ 789,418	\$ 2,468,920	\$ 1,092,794	\$ 242,407	\$ 226,504	(\$ 158,006)	(\$ 12,295)	\$ 4,649,742
Net income for 2023		-	-	-	-	222,036	-	-	222,036
Other comprehensive income for 2023	6(21)	-	-	-	-	(1,379)	(16,002)	-	(17,381)
Total comprehensive income for 2023		-	-	-	-	220,657	(16,002)	-	204,655
Distribution of 2022 earnings:	6(20)								
Reversal of special reserve		-	-	-	(72,106)	72,106	-	-	-
Cash dividends		-	-	-	-	(181,566)	-	-	(181,566)
Share-based payment transactions	6(19)	-	20,801	-	-	-	-	-	20,801
Change in net equity of associates accounted for using the equity method	6(19)	-	(242,285)	-	-	(36)	-	-	(242,321)
Balance as of December 31, 2023		\$ 789,418	\$ 2,247,436	\$ 1,092,794	\$ 170,301	\$ 337,665	(\$ 174,008)	(\$ 12,295)	\$ 4,451,311

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31	
		2023	2022
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 305,878	\$ 220,934
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets at fair value through profit or loss	6(2)(26)	11,224	20,505
Depreciation expense	6(7)(8)(10)	28,936	29,286
Amortization expense	6(28)	2,250	3,083
Expected credit loss	6(28)	31,153	-
Interest income	6(24)	(82,159)	(19,881)
Interest expenses	6(8)(27)	203	82
Loss on scrapping of property, plant, and equipment	6(26)	-	190
Share of loss of associates and joint ventures accounted for using equity method	6(6)	-	89,400
Gain on lease modification	6(26)	(55)	-
Overdue other payables transferred to revenue	6(25)	(19,319)	(5)
Cost of employee stock options	6(17)(29)	20,801	9,066
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(117,091)	(29,117)
Refund of capital reduction of financial assets at fair value through profit or loss	6(2)	249	5,945
Accounts receivable		(22,273)	(41,907)
Current contract assets		13,154	(13,154)
Other receivables		(99)	660
Other receivables - related parties		364	52
Inventories		2,361	(873)
Other current assets		(12,926)	6,289
Other non-current assets		(16,570)	-
Changes in operating liabilities			
Current contract liabilities		104,655	69,770
Accounts payable		(10,990)	(456)
Other payables		58,539	(30,531)
Other current liabilities		3,342	(9,015)
Provisions		(38,448)	(102,458)
Other non-current liabilities		(241)	(5,375)
Cash inflow generated from operations		262,938	202,490
Interest received		81,188	17,376
Interest paid		(203)	(82)
Dividends paid		(181,566)	(135,346)
Income tax paid		(100,448)	(55,593)
Income tax returned		14,605	26,851
Net cash inflow from operating activities		<u>76,514</u>	<u>55,696</u>

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31	
		2023	2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 2,794,610)	(\$ 1,228,400)
Proceeds from disposal of financial assets at amortized cost		1,443,370	1,802,560
Acquisition of investments accounted for using the equity method	6(6)	-	(89,400)
Acquisition of property, plant and equipment	6(7)	(15,658)	(10,467)
Acquisition of intangible assets		-	(3,276)
Increase in refundable deposits		(470)	(2,524)
Net cash (used in) inflow from investing activities		(1,367,368)	468,493
<u>Cash flows from financing activities</u>			
Increase (decrease) in deposits received	6(33)	648	(771)
Repayment of the principal portion of lease liabilities	6(8)(33)	(5,908)	(4,818)
Exercise of employee stock options		-	69,894
Net cash flows from (used in) financing activities		(5,260)	64,305
Effects of changes in exchange rates		(6,114)	52,516
Net (decrease) increase in cash and cash equivalents		(1,302,228)	641,010
Cash and cash equivalents at beginning of year		1,743,889	1,102,879
Cash and cash equivalents at end of year		\$ 441,661	\$ 1,743,889

CYBERLINK CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on February 29, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendment to IAS 12, ‘International Tax Reform - Pillar Two Model Rules’.	May 23, 2023

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IFRS 16 'Lease Liabilities in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current Liabilities with Covenants'	January 1, 2024
Amendments to IAS7 and IFRS7, 'Supplier Finance Arrangements'.	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendment to IAS 21 'Lack of Exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

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

reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

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

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

3. Subsidiaries not included in the consolidated financial statements:

None.

4. Adjustments for subsidiaries with different balance sheet dates:

None.

5. Significant restrictions:

None.

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

None.

(4) Cash equivalents

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

(5) Foreign currency translation

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

1. Foreign currency transactions and balances

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

2. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(6) Classification of current and non-current items

- 1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures these financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures these financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value: The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual

cash flows.

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

(10) Accounts receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

Financial assets are derecognized when one of the following criteria is met:

- 1. The contractual rights to receive cash flows from the financial asset expire.
- 2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- 3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating lease

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

(14) Inventories

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

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

- 1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

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

(16) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and

are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	30–50 years
Building improvements	2–5 years
Machinery and equipment	3 years
Office equipment	3–8 years

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

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

(18) Investment property

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

(19) Intangible asset

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

(20) Impairment of financial assets

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

(21) Accounts payable

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

(22) Derecognition of financial liabilities

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

(23) Provisions

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

(24) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

3. Employees' compensation and directors' remuneration

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

(25) Employee share-based payment

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

(26) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group

operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equivalent taxable and deductible temporary difference. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from the acquisition of equipment or technology, research and development expenditures, and equity investments to the extent that it is possible that future taxable income will be available against which the unused tax credits can be utilized.

(27) Capital Stock

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

(28) Dividends

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

(29) Revenue recognition

1. The Group sells computer software products. Revenue arising from the sales of software products to hardware firms to be bundled with its hardware products is recognized when the Group has delivered the software to the hardware firms, or based on the sales report provided by the hardware firms periodically to the Group in regards to the sales of its hardware products bundled with the software produced by the Group. The sales report is usually provided to the Group in the next quarter of its hardware sales. Revenue arising from the sales of software to distributors or retailers should be recognized when the Group has delivered the software to distributors or retailers. Revenue arising from the sales of software through online channels should be recognized based on the sales report provided by these online channels, which is usually provided to the Group in the next month after the sales of the software. The sales usually are made with a credit term of 30 to 90 days. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
2. The Group entered into a contract with a customer to grant a license of computer software to the customer. The Group recognizes the revenue from licensing either at a point in time or over time based on the nature of the license granted. The nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the computer software to the customer, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The income arising from these licenses are recognized as revenue on a straight-line basis throughout the contract period. Customers make payments based on agreed schedule, and the excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognized when transferring the license to a customer at a point in time.
3. It is the Group's policy to sell its products to the end customers with a right of return. Therefore, a refund liability (shown as other current liabilities) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each balance sheet date.
4. The Group occasionally provides debug program to customers, which can be downloaded through the internet for free. This service is not an obligation of the sale nor does it increase the main functions of the product. Therefore, service costs and liabilities relating to this service are accrued upon the sale of the product; this service would not affect the amount of revenue of the product.

5. Cost of goods sold comprises packaging cost, production cost, royalty paid to third party, service cost of platform payment, provision for royalty liability, inventory valuation and obsolescence loss, etc.

(30) Government grants

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

(31) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

The fair value of unlisted stocks and bonds held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks and bonds. Please refer to Note 12(3) for the financial instruments fair value information. As of December 31, 2023, the carrying amounts of unlisted stocks and bonds without active market were \$42,248 and \$233,926, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 50	\$ 50
Checking accounts	5,099	74,350
Demand deposits	282,962	441,089
Time deposits	<u>153,550</u>	<u>1,228,400</u>
	<u>\$ 441,661</u>	<u>\$ 1,743,889</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group has no cash and cash equivalents pledged to others.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market funds	\$ 130,252	\$ 20,085
Valuation adjustment	<u>372</u>	<u>108</u>
	<u>\$ 130,624</u>	<u>\$ 20,193</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	\$ 281,418	\$ 274,426
Unlisted stocks	<u>23,221</u>	<u>23,470</u>
Subtotal	304,639	297,896
Valuation adjustment	<u>(28,713)</u>	<u>(17,271)</u>
	<u>\$ 275,926</u>	<u>\$ 280,625</u>

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	(\$ 19,656)	(\$ 23,211)
Money market funds	432	193
Unlisted stocks	<u>8,000</u>	<u>2,513</u>
	<u>(\$ 11,224)</u>	<u>(\$ 20,505)</u>

2. The Group received proceeds from capital reduction of an investee at the amounts of \$249 and \$5,945 in July 2023 and 2022, respectively.
 3. The Group has no financial assets at fair value through profit or loss pledged to others.
 4. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).
- (3) Current financial assets at amortized cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits with original maturity of more than three months	<u>\$ 1,474,080</u>	<u>\$ 122,840</u>

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 57,741</u>	<u>\$ 11,836</u>

2. As at December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were \$1,474,080 and \$122,840, respectively.
3. The Group has no financial assets at amortized cost pledged to others.
4. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's time deposit investment are financial institution with high credit quality, so it expects that the probability of counterparty default is remote.

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

Item	December 31, 2023	December 31, 2022
Non-current items:		
Unlisted stocks	\$ 12,678	\$ 12,678
Valuation adjustment	(12,430)	(12,430)
	\$ 248	\$ 248

1. The Group has elected to classify unlisted stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair values of such investments as of December 31, 2023 and 2022 both amounted to \$248.
2. As of December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were both \$248.
3. The Group has no financial assets at fair value through other comprehensive income pledged to others.
4. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 139,979	\$ 119,289
Less: Loss allowance	(31,153)	-
	\$ 108,826	\$ 119,289

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

	December 31, 2023	December 31, 2022
Not Past Due	\$ 104,539	\$ 100,699
Past Due		
Up to 30 days	18,545	14,003
31 to 90 days	1,239	4,092
Over 91 days	15,656	495
	\$ 139,979	\$ 119,289

The above ageing analysis was based on past due date.

2. As of December 31, 2023 and 2022, accounts receivable were both from contracts with customers. And as of January 1, 2022, the balance of accounts receivable from contracts with customers amounted to \$77,639.
3. As of December 31, 2023 and 2022, without taking into consideration other credit

enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$108,826 and \$119,289, respectively.

4. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investments accounted for using the equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 1,746,287	\$ -
Addition of investments	-	89,400
Share of loss of investments accounted for using the equity method	-	(89,400)
Changes in capital surplus (Note 6(19))	(242,285)	1,738,426
Changes in other equity items (Note 6(21))	(2,305)	8,685
Changes in undistributed earnings	-	(1,031)
Actuarial gains or losses	(36)	207
At December 31	<u>\$ 1,501,661</u>	<u>\$ 1,746,287</u>

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

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

Perfect Corp. (Cayman), an investee of the Group, commenced its self tender offer program to repurchase treasury shares at Eastern Time on November 27, 2023. A total 16,129 thousand shares were repurchased and the registrations of retirement of shares have been completed at Eastern Time on December 29, 2023. As the Group did not participate in the aforementioned transaction, its shareholding ratio in Perfect Corp. (Cayman) increased from 31.25% to 36.29%. The Group recognized a capital surplus of not in proportion to the Group's ownership amount to (\$281,878) due to the aforementioned transaction.

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

Company Name	Principal place of business	Shareholding ratio		Nature of relationship	Method of Measurement
		December 31, 2023	December 31, 2022		
Perfect Corp. (Cayman)	Cayman	36.29%	31.25%	Investments accounted for using the equity method	Equity method

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

	Perfect Corp.(Cayman)	
	December 31, 2023	December 31, 2022
Current assets	\$ 5,179,644	\$ 6,423,725
Non-current assets	52,223	33,766
Total assets	5,231,867	6,457,491
Current liabilities	(887,520)	(765,186)
Non-current liabilities	(63,178)	(104,186)
Total Liabilities	(950,698)	(869,372)
Total net assets	\$ 4,281,169	\$ 5,588,119
Book value of associates (Note)	\$ 1,501,661	\$ 1,746,287

Note: The difference with the Group's share in associate's net assets as of December 31, 2023, represents the unrecognized investment gains in order to offset past unrecognized investment loss.

	Perfect Corp.(Cayman)	
	Year ended December 31	
	2023	2022
Revenue	\$ 1,666,686	\$ 1,283,181
Loss for the period from continuing operations	168,703	(4,946,353)
Other comprehensive loss, (net of tax)	(3,721)	(32,257)
Total comprehensive loss	\$ 164,982	(\$ 4,978,610)

3. The Group holds a 36.29% equity interest in Perfect Corp. (Cayman). Given the fact that the Group appointed only one out of seven directors on the current Board of Directors of Perfect Corp. (Cayman), and the Perfect Corp. (Cayman)'s Articles of Incorporation set forth that there is no obligation to hold a shareholders' meeting on a regular basis every year. Therefore, the Group has no ability to dominate the relevant activities of Perfect Corp. (Cayman), and the Group has no control, but has significant influence, over Perfect Corp. (Cayman).

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Perfect Corp. (Cayman)	<u>\$ 3,518,720</u>	<u>\$ 8,104,408</u>

(7) Property, plant and equipment, net

	2023				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	\$ 330,610	\$ 142,009	\$ 26,869	\$ 1,789	\$ 501,277
Accumulated depreciation	<u>-</u>	<u>(45,300)</u>	<u>(17,423)</u>	<u>(1,094)</u>	<u>(63,817)</u>
	<u>\$ 330,610</u>	<u>\$ 96,709</u>	<u>\$ 9,446</u>	<u>\$ 695</u>	<u>\$ 437,460</u>
At January 1	\$ 330,610	\$ 96,709	\$ 9,446	\$ 695	\$ 437,460
Additions	-	10,813	4,650	195	15,658
Costs of disposal	-	(592)	(7,122)	-	(7,714)
Accumulated depreciation on disposal	-	592	7,122	-	7,714
Depreciation expense	-	(6,266)	(4,689)	(280)	(11,235)
Net exchange differences	<u>(7,189)</u>	<u>(1,681)</u>	<u>(14)</u>	<u>(22)</u>	<u>(8,906)</u>
At December 31	<u>\$ 323,421</u>	<u>\$ 99,575</u>	<u>\$ 9,393</u>	<u>\$ 588</u>	<u>\$ 432,977</u>
At December 31					
Cost	\$ 323,421	\$ 150,246	\$ 24,277	\$ 1,924	\$ 499,868
Accumulated depreciation	<u>-</u>	<u>(50,671)</u>	<u>(14,884)</u>	<u>(1,336)</u>	<u>(66,891)</u>
	<u>\$ 323,421</u>	<u>\$ 99,575</u>	<u>\$ 9,393</u>	<u>\$ 588</u>	<u>\$ 432,977</u>
	2022				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	\$ 334,441	\$ 157,144	\$ 28,966	\$ 3,847	\$ 524,398
Accumulated depreciation	<u>-</u>	<u>(48,995)</u>	<u>(17,654)</u>	<u>(3,100)</u>	<u>(69,749)</u>
	<u>\$ 334,441</u>	<u>\$ 108,149</u>	<u>\$ 11,312</u>	<u>\$ 747</u>	<u>\$ 454,649</u>
At January 1	\$ 334,441	\$ 108,149	\$ 11,312	\$ 747	\$ 454,649
Additions	-	6,713	3,382	372	10,467
Costs of disposal	-	(7,235)	(5,425)	(2,635)	(15,295)
Accumulated depreciation on disposal	-	7,235	5,425	2,445	15,105
Reclassification - cost (Note)	-	(13,557)	-	-	(13,557)
Reclassification - accumulated depreciation (Note)	-	3,301	-	-	3,301
Depreciation expense	-	(6,930)	(5,242)	(234)	(12,406)
Net exchange differences	<u>(3,831)</u>	<u>(967)</u>	<u>(6)</u>	<u>-</u>	<u>(4,804)</u>
At December 31	<u>\$ 330,610</u>	<u>\$ 96,709</u>	<u>\$ 9,446</u>	<u>\$ 695</u>	<u>\$ 437,460</u>
At December 31					
Cost	\$ 330,610	\$ 142,009	\$ 26,869	\$ 1,789	\$ 501,277
Accumulated depreciation	<u>-</u>	<u>(45,300)</u>	<u>(17,423)</u>	<u>(1,094)</u>	<u>(63,817)</u>
	<u>\$ 330,610</u>	<u>\$ 96,709</u>	<u>\$ 9,446</u>	<u>\$ 695</u>	<u>\$ 437,460</u>

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

(8) Leasing arrangements - lessee

1. The Group leases various assets including offices and transportation equipment. Rental contracts for the years ended December 31, 2023 and 2022 are typically made for periods from 2022 to 2026 and from 2020 to 2025, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may neither be used as security for borrowing purposes nor have its rights transferred to others in other forms such as business transfer and combination.
2. Short-term leases with a lease term of 12 months or less comprise parking spaces rented by the Group in Taiwan and leased offices in the United States.
3. The information of right-of-use assets is as follows:

	2023		
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 11,537	\$ 3,921	\$ 15,458
Accumulated depreciation	(1,529)	(3,050)	(4,579)
	<u>\$ 10,008</u>	<u>\$ 871</u>	<u>\$ 10,879</u>
At January 1	\$ 10,008	\$ 871	\$ 10,879
Additions - Newly added lease contracts	12,997	2,904	15,901
Lease modifications - cost	(8,776)	(3,921)	(12,697)
Lease modification - accumulated depreciation	3,047	3,759	6,806
Depreciation expense	(4,872)	(1,193)	(6,065)
At December 31	<u>\$ 12,404</u>	<u>\$ 2,420</u>	<u>\$ 14,824</u>
At December 31			
Cost	\$ 15,758	\$ 2,904	\$ 18,662
Accumulated depreciation	(3,354)	(484)	(3,838)
	<u>\$ 12,404</u>	<u>\$ 2,420</u>	<u>\$ 14,824</u>

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

4. Lease liabilities relating to lease contracts:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total lease liabilities	\$ 15,320	\$ 11,273
Less: Current portion (shown as 'current lease liabilities')	(5,823)	(5,512)
	<u>\$ 9,497</u>	<u>\$ 5,761</u>

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

	Year ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 203	\$ 82
Expense on short-term lease contracts	1,975	2,045
Gain on lease modification	(55)	-
	<u>\$ 2,123</u>	<u>\$ 2,127</u>

6. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$8,086 and \$6,945, respectively, which included expenses on short-term lease contracts of \$1,975 and \$2,045, interest expenses on lease liabilities of \$203 and \$82, and payments of lease liabilities of \$5,908 and \$4,818, respectively.

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

(9) Leasing arrangements - lessor

1. Leases to unrelated parties

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

2. Leases to related parties

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

3. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of \$65,961 and \$64,959, respectively, based on the lease contracts above, and there was no variable lease payments.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 55,533
2024	51,022	24,376
2025	27,557	4,159
2026	23,002	3,244
2027	16,697	811
2028	14,596	-
2029	9,817	-
	<u>\$ 142,691</u>	<u>\$ 88,123</u>

(10) Investment property

	2023		
	Land	Buildings	Total
At January 1			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	<u>-</u>	<u>(165,581)</u>	<u>(165,581)</u>
	<u>\$ 799,024</u>	<u>\$ 427,889</u>	<u>\$ 1,226,913</u>
At January 1	\$ 799,024	\$ 427,889	\$ 1,226,913
Depreciation expense	<u>-</u>	<u>(11,636)</u>	<u>(11,636)</u>
At December 31	<u>\$ 799,024</u>	<u>\$ 416,253</u>	<u>\$ 1,215,277</u>
At December 31			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	<u>-</u>	<u>(177,217)</u>	<u>(177,217)</u>
	<u>\$ 799,024</u>	<u>\$ 416,253</u>	<u>\$ 1,215,277</u>
	2022		
	Land	Buildings	Total
At January 1			
Cost	\$ 799,024	\$ 579,913	\$ 1,378,937
Accumulated depreciation	<u>-</u>	<u>(150,643)</u>	<u>(150,643)</u>
	<u>\$ 799,024</u>	<u>\$ 429,270</u>	<u>\$ 1,228,294</u>
At January 1	\$ 799,024	\$ 429,270	\$ 1,228,294
Reclassification - cost (Note)	-	13,557	13,557
Reclassification - accumulated depreciation (Note)	-	<u>(3,301)</u>	<u>(3,301)</u>
Depreciation expense	<u>-</u>	<u>(11,637)</u>	<u>(11,637)</u>
At December 31	<u>\$ 799,024</u>	<u>\$ 427,889</u>	<u>\$ 1,226,913</u>
At December 31			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	<u>-</u>	<u>(165,581)</u>	<u>(165,581)</u>
	<u>\$ 799,024</u>	<u>\$ 427,889</u>	<u>\$ 1,226,913</u>

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

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

	Year ended December 31	
	2023	2022
Rental income from investment property	\$ 63,354	\$ 61,240
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 14,430	\$ 14,947
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ 1,700	\$ 1,682

2. The fair values of the investment property held by the Group as of December 31, 2023, and 2022 were \$2,322,229 and \$2,523,850, respectively, which were estimated based on market trading prices of similar property in the areas nearby which belong to the Level 3 information.

(11) Accounts payable

	December 31, 2023	December 31, 2022
Royalty expense	\$ 32,977	\$ 53,204
Others	10,461	1,763
	<u>\$ 43,438</u>	<u>\$ 54,967</u>

(12) Other payables

	December 31, 2023	December 31, 2022
Promotional fees	\$ 113,092	\$ 73,151
Payroll	100,390	93,710
Employees' compensation and directors' remuneration	88,016	73,893
Royalty collection	19,236	54,541
Professional service fees	13,529	12,227
Employees' rewards	9,379	9,379
Other accrued expenses	30,660	23,719
Other payables	6,834	2,591
	<u>\$ 381,136</u>	<u>\$ 343,211</u>

(13) Other current liabilities

	December 31, 2023	December 31, 2022
Refund liability	\$ 40,316	\$ 38,935
Others	3,606	3,909
	<u>\$ 43,922</u>	<u>\$ 42,844</u>

(14) Provisions

	2023		
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 383,795	\$ 5,921	\$ 389,716
Additional provisions	18,464	594	19,058
Provision for liabilities used in the current period	(25,391)	-	(25,391)
Unused amounts reversed	(32,054)	-	(32,054)
Net exchange differences	(61)	-	(61)
At December 31	<u>\$ 344,753</u>	<u>\$ 6,515</u>	<u>\$ 351,268</u>

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

Analysis of total provisions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current	<u>\$ 351,268</u>	<u>\$ 389,716</u>

1. Royalty

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

2. Cost of software bug-fixing

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

(15) Other non-current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued pension liabilities	\$ 55,138	\$ 53,655
Guarantee deposits received	<u>10,183</u>	<u>9,535</u>
	<u>\$ 65,321</u>	<u>\$ 63,190</u>

(16) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 95,343)	(\$ 92,081)
Fair value of plan assets	<u>40,205</u>	<u>38,426</u>
Net defined benefit liability	<u>(\$ 55,138)</u>	<u>(\$ 53,655)</u>

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

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance as of January 1	(\$ 92,081)	\$ 38,426	(\$ 53,655)
Interest (expense) income	(1,234)	516	(718)
	<u>(93,315)</u>	<u>38,942</u>	<u>(54,373)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	304	304
Change in demographic assumptions	(7)	-	(7)
Change in financial assumptions	(1,331)	-	(1,331)
Experience adjustments	(690)	-	(690)
	<u>(2,028)</u>	<u>304</u>	<u>(1,724)</u>
Pension fund contribution	-	959	959
Balance as of December 31	<u>(\$ 95,343)</u>	<u>\$ 40,205</u>	<u>(\$ 55,138)</u>
	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 101,608)	\$ 34,649	(\$ 66,959)
Interest (expense) income	(707)	242	(465)
Past service costs	2,722	-	2,722
Gains or losses on settlement	2,238	-	2,238
	<u>(97,355)</u>	<u>34,891</u>	<u>(62,464)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,655	2,655
Change in demographic assumptions	(188)	-	(188)
Change in financial assumptions	6,635	-	6,635
Experience adjustments	(1,173)	-	(1,173)
	<u>5,274</u>	<u>2,655</u>	<u>7,929</u>
Pension fund contribution	-	880	880
Balance at December 31	<u>(\$ 92,081)</u>	<u>\$ 38,426</u>	<u>(\$ 53,655)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.35%
Future salary increases	3.00%	3.00%

The future mortality rates in 2023 and 2022 were estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 2,203)</u>	<u>\$ 2,287</u>	<u>\$ 2,241</u>	<u>(\$ 2,170)</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 2,264)</u>	<u>\$ 2,351</u>	<u>\$ 2,307</u>	<u>(\$ 2,234)</u>

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

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

- (f) Expected contributions to the defined benefit pension plans of the company for the year ending December 31, 2024 amount to \$960.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	19,728
1-2 year(s)		3,401
3-5 years		8,188
Over 5 years		75,093
	<u>\$</u>	<u>106,410</u>

- 2.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$26,036 and \$24,047, respectively.
- (c) The pension costs under local pension regulations of the foreign subsidiaries for the years ended December 31, 2023 and 2022 were \$3,461 and \$3,209, respectively.

(17) Share-based payment

- 1. As of December 31, 2023 and 2022, the Company’s share-based payment arrangements were as follows:

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

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

	2023		2022	
	No. of options (in thousands)	Weighted – average exercise price (in dollars)	No. of options (in thousands)	Weighted – average exercise price (in dollars)
Options outstanding on January 1	2,000	\$ 87.70	1,699	\$ 44.00
Options granted in the current period	-	-	2,000	89.50
Options exercised	-	-	(1,589)	44.00
Options lapsed in the current period	-	-	(110)	44.00
Options outstanding at December 31	<u>2,000</u>	85.70	<u>2,000</u>	87.70
Options exercisable at December 31	<u>-</u>		<u>-</u>	

- The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was \$0 and \$44.00 (in dollars), respectively.
- As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding was \$85.70 and \$87.70 (in dollars), respectively; the weighted-average remaining contractual period was 5.57 years and 6.57 years, respectively.
- The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

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

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

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

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

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

	Year ended December 31	
	2023	2022
Cost of employee stock options	\$ 20,801	\$ 9,066

(18) Capital Stock

As of December 31, 2023, the Company's authorized capital was \$1,610,000, consisting of 161,000 thousand shares of ordinary stock (including 21,000 thousand shares reserved for employee stock options), and the paid-in capital was \$789,418 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number (Shares in thousands) of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	78,942	77,353
Exercise of employee stock options	-	1,589
At December 31	78,942	78,942

(19) Capital surplus

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

	2023				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	\$ 92,937	\$ 9,061	\$ 60,144	\$ 2,306,778	\$ 2,468,920
Share-based payment transactions	-	20,801	-	-	20,801
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	39,593	39,593
Recognition not in proportion to the Group's ownership (Note)	-	-	-	(281,878)	(281,878)
At December 31	\$ 92,937	\$ 29,862	\$ 60,144	\$ 2,064,493	\$ 2,247,436

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

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

(20) Retained earnings

- Under the Company's Articles of Incorporation, the current year's earnings, net of tax, shall first be used to offset prior year's operating losses (including adjustment amount of undistributed earnings), then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and setting aside or reversal for special reserve in accordance with the securities and Exchange Act. The Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at beginning of periods (including adjustment amount of undistributed earnings) for the approval of the shareholders.
- The Company's dividend policy is aligned with the development plan for the present and the future taking into consideration investment environment, capital requirement, domestic and overseas competition condition and profit of shareholders. Annual distribution of stockholders' bonus should not be less than 50% of current distributable earnings, and may be in the form of stock dividend and cash dividend. Presently, the distribution of cash dividend should not be less than 20% of annual dividend appropriations, however, if the Company has significant plans for capital expenditures, after approval at the shareholders' meeting, cash dividends can be distributed lower than 20% of annual dividends appropriations.
- Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- In accordance with the regulations, the Company shall set aside special reserve from

the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

5. On March 29, 2022, the Board of Directors' meeting approved the loss appropriation proposal for 2021 to make up for the loss of the current year with \$562,766 of retained earnings, and the shareholders' meeting subsequently resolved the loss compensation proposal on June 21, 2022.
6. On March 29, 2022, the Board of Directors' meeting approved the proposed \$135,346 cash distribution from \$35,592 of capital surplus due to share issuance at a premium and from \$99,754 of legal reserve. The proposal of cash distribution through such capital surplus was resolved in the shareholders' meeting on June 21, 2022.
- 7.(a) On June 20, 2023 and June 21, 2022, the appropriation of 2022 and 2021 earnings were resolved at shareholders' meeting, respectively. The details are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ -	
(Reversed) Provision of special reserve	(72,106)		56,487	
Cash dividends	<u>181,566</u>	\$ 2.30	<u>-</u>	\$ -
Total	<u>\$109,460</u>		<u>\$ 56,487</u>	

- (b) The Company's legal reserve had exceeded paid-in capital, thus, according to laws, the Company could not appropriate legal reserve. When the Company appropriated earnings for the year ended December 31, 2022 and 2021, it determined not to provision legal reserve.

(21) Other equity items

	2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12,295)	(\$ 158,006)	(\$ 170,301)
Currency translation:			
- Group	-	(13,697)	(13,697)
- Associates	-	(2,305)	(2,305)
At December 31	<u>(\$ 12,295)</u>	<u>(\$ 174,008)</u>	<u>(\$ 186,303)</u>
	2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12,295)	(\$ 230,112)	(\$ 242,407)
Currency translation:			
- Group	-	63,421	63,421
- Associates	-	7,654	7,654
- Change in net equity of associates accounted for using the equity method	-	1,031	1,031
At December 31	<u>(\$ 12,295)</u>	<u>(\$ 158,006)</u>	<u>(\$ 170,301)</u>

(22) Net revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$ 1,865,022</u>	<u>\$ 1,691,200</u>

1. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023	Taiwan		America		Japan		Other region		Total
	Media Creation	Media Experience and others	Media Creation	Media Experience and others	Media Creation	Media Experience and others	Media Creation	Media Experience and others	
Revenue from contracts with customers	<u>\$ 59,500</u>	<u>\$50,763</u>	<u>\$915,165</u>	<u>\$200,142</u>	<u>\$273,544</u>	<u>\$200,926</u>	<u>\$99,294</u>	<u>\$65,688</u>	<u>\$1,865,022</u>
Timing of revenue recognition									
At a point in time	\$ 21,730	\$33,694	\$298,500	\$193,782	\$ 96,213	\$195,669	\$36,772	\$59,852	\$ 936,212
Over time	<u>37,770</u>	<u>17,069</u>	<u>616,665</u>	<u>6,360</u>	<u>177,331</u>	<u>5,257</u>	<u>62,522</u>	<u>5,836</u>	<u>928,810</u>
	<u>\$ 59,500</u>	<u>\$50,763</u>	<u>\$915,165</u>	<u>\$200,142</u>	<u>\$273,544</u>	<u>\$200,926</u>	<u>\$99,294</u>	<u>\$65,688</u>	<u>\$1,865,022</u>

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

2. Contract assets and contract liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Project contracts	<u>\$ -</u>	<u>\$ 13,154</u>	<u>\$ -</u>
Contract liabilities:			
Advance sales receipts	<u>\$ 362,766</u>	<u>\$ 258,117</u>	<u>\$ 188,350</u>

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

	Year ended December 31	
	2023	2022
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	<u>\$ 254,653</u>	<u>\$ 188,093</u>

(23) Operating costs

	Year ended December 31	
	2023	2022
Service cost of platform	\$ 172,906	\$ 113,557
Royalty cost	62,467	106,502
Cost of goods sold	16,715	7,042
Others	<u>17,328</u>	<u>1,776</u>
	<u>\$ 269,416</u>	<u>\$ 228,877</u>

(24) Interest income

	Year ended December 31	
	2023	2022
Interest income from financial assets measured at amortized cost	\$ 57,741	\$ 11,836
Bank deposits	<u>24,418</u>	<u>8,045</u>
	<u>\$ 82,159</u>	<u>\$ 19,881</u>

(25) Other income

	Year ended December 31	
	2023	2022
Rental income	\$ 65,961	\$ 64,959
Service revenue	1,495	2,369
Grant income	628	47
Overdue accounts payable transferred to revenue	19,319	5
Other income - others	<u>2,825</u>	<u>3,794</u>
	<u>\$ 90,228</u>	<u>\$ 71,174</u>

(26) Other gains or losses

	Year ended December 31	
	2023	2022
Currency exchange gains	\$ 11,111	\$ 59,349
Net losses on financial assets at fair value through profit or loss	(11,224)	(20,505)
Depreciation expenses on investment property	(11,636)	(11,637)
Loss on scrapping of property, plant, and equipment	-	(190)
Gain on lease modification	55	-
Others	(4,727)	(4,900)
	<u>(\$ 16,421)</u>	<u>\$ 22,117</u>

(27) Financial costs

	Year ended December 31	
	2023	2022
Interest expense - lease liabilities	<u>\$ 203</u>	<u>\$ 82</u>

(28) Costs and expenses by nature

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 16,715	\$ 7,042
Employee benefit expenses	879,949	798,165
Promotional fees	359,281	303,922
Service cost of platform	172,906	113,557
Royalty cost	62,467	106,502
Professional service fees	61,848	57,844
Expected credit loss	31,153	-
Depreciation of property, plant and equipment	11,235	12,406
Product expenses	9,660	11,303
Depreciation of right-of-use assets	6,065	5,243
Amortization expenses	2,250	3,083
Others	<u>101,378</u>	<u>74,889</u>
Total cost of sales and operating expenses	<u>\$ 1,714,907</u>	<u>\$ 1,493,956</u>

(29) Employee benefit expenses

	Year ended December 31	
	2023	2022
Wages and Salaries	\$ 748,230	\$ 696,058
Insurance fees	55,789	50,051
Pension costs	30,215	22,761
Cost of employee stock options	20,801	9,066
Directors' remuneration	7,022	6,658
Other personnel expenses	<u>17,892</u>	<u>13,571</u>
	<u>\$ 879,949</u>	<u>\$ 798,165</u>

1. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3.0% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.
2. For the years ended December 31, 2023 and 2022, employees' compensation and directors' remuneration were accrued as follows. The aforementioned amounts were recognized in salary expenses:

	Year ended December 31	
	2023	2022
Employees' compensation	\$ 72,311	\$ 59,590
Directors' remuneration	<u>3,500</u>	<u>3,150</u>
	<u>\$ 75,811</u>	<u>\$ 62,740</u>

For the year ended December 31, 2023 and 2022, the employees' compensations were estimated and accrued at 18.78% and 20.90%, respectively, of distributable profit for the current period, and the directors' remuneration were estimated and accrued at 1.50% and 1.50%, respectively, of distributable profit of current year as of the end of reporting period.

The employees' compensation and directors' remuneration, for 2023 as resolved by the Board of Directors on February 29, 2024, were in agreement with the amounts recognized in the 2023 financial statements, of which employees' compensation will be distributed in cash.

The 2022 employees' compensation and directors' remuneration, for 2022 as resolved by the Board of Directors on March 7, 2023, were in agreement with the amounts recognized in the 2022 financial statements. The aforementioned employees' compensation was distributed in cash.

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

(30) Income tax

1. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current income tax:		
Current income tax expense recognized for the current period	\$ 75,922	\$ 53,864
Prior year income tax under (over) estimation	21,211	(2)
Total current income tax	97,133	53,862
Deferred income tax:		
Origination and reversal of temporary differences	540	(16,553)
Tax losses	(13,831)	-
Total deferred income tax	(13,291)	(16,553)
Income tax expense recognized in profit or loss	<u>\$ 83,842</u>	<u>\$ 37,309</u>

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	<u>(\$ 345)</u>	<u>\$ 1,586</u>

2. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Income tax calculated based on profit before tax and statutory tax rate (Note)	\$ 68,990	\$ 33,767
Effects from items adjusted by tax regulation	(3,928)	41,979
Effects from non-deductible offshore income tax	13,807	1,570
Tax exempt income by tax regulation	(33)	(17)
Effect from investment tax credits	(25,628)	(48,022)
Prior year income tax under (over) estimation	21,211	(2)
Taxable loss not recognized as deferred income tax assets	-	8,034
Assessment of the realizability of deferred income tax assets	13,831	-
Loss carryforwards	(4,408)	-
Income tax expenses	<u>\$ 83,842</u>	<u>\$ 37,309</u>

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

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

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
-Temporary differences:				
Unrealized profit on intercompany sales	\$ 3,498	(\$ 833)	\$ -	\$ 2,665
Unrealized profit on allowance for sales	18,935	(8,141)	-	10,794
Unrealized exchange losses	2,473	4,396	-	6,869
Provisions	7,527	3,693	-	11,220
Unrealized loss on decline in market value	276	98	-	374
Unused compensated absences	4,535	128	-	4,663
Cost of software bug-fixing	1,184	119	-	1,303
Actuarial gains and losses on pensions	10,674	-	345	11,019
-Tax losses	-	13,831	-	13,831
Subtotal	<u>49,102</u>	<u>13,291</u>	<u>345</u>	<u>62,738</u>
Deferred income tax liabilities:				
-Temporary differences:				
Gain on foreign investments accounted for using equity method	(8,451)	-	-	(8,451)
Subtotal	<u>(8,451)</u>	<u>-</u>	<u>-</u>	<u>(8,451)</u>
Total	<u>\$ 40,651</u>	<u>\$ 13,291</u>	<u>\$ 345</u>	<u>\$ 54,287</u>

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

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

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2022	\$ 26,924	\$ 26,924	\$ -	No expiry date
2021	6,085	6,085	-	No expiry date
2020	<u>28,113</u>	<u>13,341</u>	<u>-</u>	No expiry date
	<u>\$ 61,122</u>	<u>\$ 46,350</u>	<u>\$ -</u>	

December 31, 2022

Year incurred	<u>Amount filed</u> / assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2022	\$ 26,924	\$ 26,924	\$ 26,924	No expiry date
2021	6,085	6,085	6,085	No expiry date
2020	<u>28,113</u>	<u>28,113</u>	<u>28,113</u>	No expiry date
	<u>\$ 61,122</u>	<u>\$ 61,122</u>	<u>\$ 61,122</u>	

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

(31) Earnings per share (EPS)

	<u>Year ended December 31, 2023</u>		
	Amount after tax	Outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$222,036</u>	<u>78,942</u>	<u>\$ 2.81</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$222,036	78,942	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	282	
Employees' compensation	<u>-</u>	<u>895</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$222,036</u>	<u>80,119</u>	<u>\$ 2.77</u>

	<u>Year ended December 31, 2022</u>		
	Amount after tax	Weighted average outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$183,625</u>	<u>78,600</u>	<u>\$ 2.34</u>
<u>Diluted earnings per share</u>			

	Year ended December 31, 2023		
	Amount after tax	Outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
Profit attributable to ordinary shareholders of the parent company	\$183,625	78,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	142	
Employees' compensation	-	84	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$183,625</u>	<u>78,826</u>	<u>\$ 2.33</u>

(32) Supplemental cash flow information

Investment activities with no cash flow effects:

	Year ended December 31	
	2023	2022
Transfer of property, plant and equipment to investment property	<u>\$ -</u>	<u>\$ 10,256</u>

(33) Changes in liabilities from financing activities

	2023		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 9,535	\$ 11,273	\$ 20,808
Changes in cash flow from financing activities	648	(5,908)	(5,260)
Addition - Newly added lease contracts	-	15,901	15,901
Lease modification	-	(5,946)	(5,946)
At December 31	<u>\$ 10,183</u>	<u>\$ 15,320</u>	<u>\$ 25,503</u>

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

7. Related-Party Transactions

(1) Names of related parties and relationship

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

(2) Significant related party transactions and balances

1. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Service revenue:		
Perfect Mobile Corp. (Taiwan)	\$ 327	\$ 507
Rent income:		
Perfect Mobile Corp. (Taiwan)	661	661
Perfect Corp.(Japan)	701	750
	<u>1,362</u>	<u>1,411</u>
Payment on behalf of others		
Perfect Mobile Corp. (Taiwan)	436	627
Perfect Corp.(Japan)	37	32
	<u>473</u>	<u>659</u>
	<u>\$ 2,162</u>	<u>\$ 2,577</u>

The Group provides legal, management and technical related services to associates, and expenses were charged in accordance with the personnel costs related to the services that the Group provided. Service revenue for the years ended December 31, 2023 and 2022 is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	\$ 1,495	\$ 2,369

3. Rental income (shown as other income)

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Perfect Mobile Corp. (Taiwan)	\$ 7,574	\$ 7,566
Perfect Corp.(Japan)	2,607	2,670
	<u>\$ 10,181</u>	<u>\$ 10,236</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 3,848
2024	7,557	-
2025	<u>3,848</u>	<u>-</u>
	<u>\$ 11,405</u>	<u>\$ 3,848</u>

4. Lease transactions - lessee

(a) The Group has leased the office from ClinJeff Corp. since May 2022, and the lease period is from 2022 to 2024 where the present value of cash payments was \$2,762, calculated using the abovementioned lease period and discount rate. As of December 31, 2023, the accumulated depreciation recognized was \$2,301.

(b) Total lease liabilities

(i) Ending balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ClinJeff Corp.	<u>\$ 583</u>	<u>\$ 1,965</u>

(ii) Interest expenses:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
ClinJeff Corp.	<u>\$ 22</u>	<u>\$ 23</u>

5. Acquisition of financial assets

Please refer to Note 6(5).

(3) Key management Salary information

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 43,081	\$ 48,442
Post-employment benefits	<u>728</u>	<u>612</u>
	<u>\$ 43,809</u>	<u>\$ 49,054</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

10. Significant Disaster Loss

None.

11. Significant Events after the balance sheet date

Except for those mentioned in Note 6(29) and 12(2) 3(2), the Group has no other significant subsequent event.

12. Others

(1) Capital management

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

(2) Financial instruments

1. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current)	<u>\$ 406,550</u>	<u>\$ 300,818</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 248</u>	<u>\$ 248</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 441,661	\$ 1,743,889
Current financial assets at amortized cost	1,474,080	122,840
Accounts receivable	108,826	119,289
Other receivables (including related parties)	7,068	6,415
Guarantee deposits paid (recognized under other financial assets)	<u>7,271</u>	<u>6,801</u>
	<u>\$ 2,038,906</u>	<u>\$ 1,999,234</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 43,438	\$ 54,967
Other payables	381,136	343,211
Guarantee deposits received (recognized under other financial liabilities)	<u>10,183</u>	<u>9,535</u>
	<u>\$ 434,757</u>	<u>\$ 407,713</u>
Lease liabilities (including current and non-current)	<u>\$ 15,320</u>	<u>\$ 11,273</u>

2. Risk management policies
- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is executed by the Group's treasury department under the policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
3. Significant financial risks and degrees of financial risks
- (a) Market risk
- Foreign exchange risk
- (i) The Group operates internationally and is exposed to the exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with USD, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- (ii) The Group's business involves some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and JPY). Significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023			Year ended December 31, 2023				
			<u>Sensitivity analysis</u>				
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$44,099	30.71	\$1,354,280	1%	\$13,543	\$	-
EUR:NTD	306	33.98	10,398	1%	104		-
GBP:NTD	1	39.15	39	1%	-		-
USD:JPY	408	141.39	12,530	1%	125		-
<u>Non-monetary items</u>							
USD:NTD	50,266	30.71	1,543,661	1%	420		15,017
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	568	30.71	17,443	1%	174		-
USD:JPY	745	141.39	22,879	1%	229		-

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

(iii) The total exchange gains or losses, including realized and unrealized, arising from significant effects of foreign exchange fluctuation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 were a gain of \$11,111 and \$59,349, respectively.

Price risk

- (i) The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group mainly invests in unlisted stocks, and the value of these equity instruments will be affected by the uncertainties from the future performance of the investment targets. If the prices of these equity instruments rises or falls by 1% while the other conditions remain unchanged, the increase or decrease of the net profit after tax for the years ended December 31, 2023 and 2022 due to equity instruments measured at fair value through profit or loss will increased or decreased by \$336 and \$274, respectively; the other comprehensive income will both increased or decreased by \$2 from the increase or decrease of equity investments classified as measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- (i) The Groups interest-bearing assets are mainly cash and cash equivalents and financial assets at amortized cost. The Group expects no significant cash flow interest rate risk on these assets as all their maturities are within 12 months.
 - (ii) The Group did not use any financial instruments to hedge interest rate risk.
 - (iii) There was no borrowing as of December 31, 2023 and 2022, and thus there was no interest rate risk arising from borrowings.
- (b) Credit risk
- (i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss.
 - (ii) The Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
 - (iii) The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
 - (iv) The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (A) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (B) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
 - (v) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (B) The disappearance of an active market for that financial asset because of financial difficulties;
 - (C) Default or delinquency in interest or principal repayments;
 - (D) Adverse changes in national or regional economic conditions that are

expected to cause a default.

- (vi) The Group classifies customers' accounts receivable in accordance with geographic area. The Group applies the modified approach using provision matrix to estimate expected credit loss.
- (vii) The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable.
- (viii) The amount of the allowance for accounts receivable provided from applying the simplified approach by the Group is insignificant except for individual customers. The Group takes the customer's past default history and actual financial situation into consideration adjusts the loss rate based on the historical and current information in a specific period, in order to estimate the loss allowance on accounts receivable, the loss rate on December 31, 2023 and 2022 is as follows:

<u>December 31, 2023</u>	<u>Group</u>	<u>Individual</u>	<u>Total</u>
Expected loss rate	0.00%~1.41%	100%	
Total book value	<u>\$ 108,826</u>	<u>\$ 31,153</u>	<u>\$ 139,979</u>
Loss allowance	<u>\$ -</u>	<u>\$ 31,153</u>	<u>\$ 31,153</u>

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

Individual: One of the Group's foreign e-commerce payment service provider has filed for reorganization which has been approved by the court in that country on September 25, 2023. In January 2024, the Group received a notification of the customer's claim for creditors. Since the collection of the outstanding accounts receivable could not be reasonably expected as of the year ended December 31, 2023, the entire amount of the outstanding accounts receivable was recognized as expected credit loss. However, the Group is having ongoing negotiation with the customer and pays close attention to the legal progress of the customer's reorganization and would participate in the upcoming reorganization proceeding to fight for the Group's best interests.

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

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ -	\$ -
Provision for impairment	<u>31,153</u>	<u>-</u>
At December 31	<u>\$ 31,153</u>	<u>\$ -</u>

(c) Liquidity risk

- (i) Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- (ii) Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, financial assets measured at amortized cost and short-term marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of \$2,041,216 and \$1,812,522, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- (iii) The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Within 1 year	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 43,438	\$ -	\$ -
Other payables	381,136	-	-
Lease liabilities (Note)	6,016	9,626	-
Other financial liabilities - guarantee deposits received	4,683	2,994	2,506
December 31, 2022	Within 1 year	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 54,967	\$ -	\$ -
Other payables	343,211	-	-
Lease liabilities (Note)	5,659	5,843	-
Other financial liabilities - guarantee deposits received	3,150	6,385	-

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide

pricing information on an ongoing basis. The fair value of the beneficiary certificates of the Group's investments belongs to this category.

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

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

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 42,000	\$ 42,000
Debt instruments	130,624	-	233,926	364,550
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$130,624</u>	<u>\$ -</u>	<u>\$276,174</u>	<u>\$406,798</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 34,249	\$ 34,249
Debt instruments	20,193	-	246,376	266,569
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ 20,193</u>	<u>\$ -</u>	<u>\$280,873</u>	<u>\$301,066</u>

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

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

Market quotation	<u>Open-end funds</u> Net asset value
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- (ii) Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (iii) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (iv) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

5. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

6. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>2023</u>		
	<u>Equity securities</u>	<u>Debt instruments</u>	<u>Total</u>
At January 1	\$ 34,497	\$ 246,376	\$ 280,873
Acquired in the year	-	7,092	7,092
Proceeds from capital reduction in the year	(249)	-	(249)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	8,000	(19,656)	(11,656)
Effect of exchange rate changes	-	114	114
At December 31	<u>\$ 42,248</u>	<u>\$ 233,926</u>	<u>\$ 276,174</u>

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted stocks	\$ 42,248	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; The higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument: Private fund investment	233,926	Net asset value	Not applicable.	Not applicable.

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

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

	Inputs	Change	Year ended December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, minority equity	±1%	\$ 420	(\$ 420)	\$ 2	(\$ 2)
Debt instruments	Not applicable.	±1%	2,339	(2,339)	-	-
Total			\$ 2,759	(\$ 2,759)	\$ 2	(\$ 2)

	Inputs	Change	Year ended December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change

			Year ended December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Inputs	Change				
Financial assets						
Equity instruments	Discount for lack of marketability, minority equity	±1%	\$ 342	(\$ 342)	\$ 2	(\$ 2)
Debt instruments	Not applicable.	±1%	2,464	(2,464)	-	-
Total			<u>\$ 2,806</u>	<u>(\$ 2,806)</u>	<u>\$ 2</u>	<u>(\$ 2)</u>

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

1. Basic information: Please refer to table 6.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Reporting

(1) General information

The Group recognizes the reportable segments based on the reporting information used by the Chief Operating Decision-maker. The Chief Operating Decision-maker operates the

business and evaluates performance by products. Its main business activities are related to the sale of “Media Creation” software. Information about operating results of other products is provided under the column heading “Media Experience and Entertainment and Others”.

(2) Measurement of segment information

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

(3) Information about segments

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

	Year ended December 31, 2023		
	Media Creation	Media Experience and Entertainment and others	Total
Segment Revenue	\$ 1,347,503	\$ 517,519	\$ 1,865,022
Segment Operating Income	\$ 112,137	\$ 37,978	\$ 150,115
Segment income (loss), including:			
Depreciation expense	\$ 12,924	\$ 4,376	\$ 17,300
Amortization expenses	\$ 1,682	\$ 568	\$ 2,250

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

(4) Reconciliation for segment profit or loss

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

(5) Information on products and services

The revenue from external customers is primarily generated from the sale of products for

“Media Experience and Entertainment and others” and “Media Creation”, and please refer to Note 14(3) Segment Revenue for the details of revenue.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31			
	2023		2022	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
America	\$ 1,115,307	\$ -	\$ 951,622	\$ 29
Japan	474,470	126,490	451,924	136,572
Taiwan	110,263	1,553,157	146,316	1,540,901
Others	164,982	-	141,338	-
	<u>\$ 1,865,022</u>	<u>\$ 1,679,647</u>	<u>\$ 1,691,200</u>	<u>\$ 1,677,502</u>

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

(7) Major customer information

Major customer information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31			
	2023		2022	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Customer A	\$ 525,962	Media creation, Media Entertainment and others segments	\$ 642,186	Media creation, Media Entertainment and others segments
Customer B	339,700	"	287,445	"
Customer C	<u>205,292</u>	"	<u>187,675</u>	"
	<u>\$1,070,954</u>		<u>\$1,117,306</u>	

CYBERLINK CORP. AND SUBSIDIARIES

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

December 31, 2023

Table 1

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

As of December 31, 2023								Footnote (Note 4)
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
CyberLink Corp.	Stock of One-Blue, LLC	Director of the investee company	Non-current financial assets at fair value through profit or loss	-	\$ 42,000	16.67%	\$ 42,000	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	8,398,543	130,624	0.65%	130,624	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non-current financial assets at fair value through profit or loss	3,000,000	16,800	1.90%	16,800	
CyberLink Corp.	Geothings Technology Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	100,000	248	2.08%	248	
CyberLink Corp.	SKYMIZER TAIWAN INC.	None	Non-current financial assets at fair value through other comprehensive income	40,000	-	1.40%	-	
CyberLink International Technology Corp.	Preferred stock of Cidana Inc.	None	Non-current financial assets at fair value through other comprehensive income	500,000	-	3.56%	-	
CyberLink International Technology Corp.	Preferred stock of LOFTechnology, Inc.	None	Non-current financial assets at fair value through other comprehensive income	100,000	-	0.57%	-	
CyberLink International Technology Corp.	CCV Fund I LP	None	Non-current financial assets at fair value through profit or loss	-	USD 7,070 (in thousands of dollars)	5.37%	USD 7,070 (in thousands of dollars)	

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

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

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

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

CYBERLINK CORP. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year Ended December 31, 2023

Table 2

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the counterparty (Note 2)	Balance as of January 1, 2023		Addition (Note 3 and 5)		Disposal (Note 3)			Balance as of December 31, 2023		
					Number of shares (units)	Amount	Number of shares (units)	Amount	Number of shares (units)	Selling price	Book value	Gain (loss) on disposal	Number of shares (units)	Amount
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	Current financial assets at fair value through profit or loss	-	-	1,313,817	\$ 20,193	10,942,726	\$170,432	(3,858,000)	(\$ 60,001)	(\$ 60,001)	\$ -	8,398,543	\$130,624

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The addition amount in this period includes the unrealized valuation adjustment gain of NTD 432.

CYBERLINK CORP. AND SUBSIDIARIES

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

For the year ended December 31, 2023

Table 3

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	The circumstance of the dealings			The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of consolidated total notes/accounts receivable (payable)	
CyberLink Corp.	CyberLink Inc.	A subsidiary of the Company	Sales	\$ 127,764	8%	Note	Same with third parties	Note	\$ 9,730	10%	-
CyberLink Corp.	CyberLink.Com Corp.	A subsidiary of the Company	Sales	160,441	10%	Note	Same with third parties	Note	11,717	12%	-

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

CYBERLINK CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year Ended December 31, 2023

Table 4

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
						Transaction terms		
0	CyberLink Corp.	CyberLink Inc.	1	Sales revenue	\$ 127,764	Note 4		6.9%
0	CyberLink Corp.	CyberLink Inc.	1	Receivables	11,101	Note 4, 5		0.2%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Sales revenue	160,441	Note 4		8.6%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Receivables	14,572	Note 4, 5		0.3%

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

(a) Parent company is '0.'

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

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

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiary.

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

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

Note 5: Receivables include accounts receivable and other receivables.

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

CYBERLINK CORP. AND SUBSIDIARIES

Information on investees

Year Ended December 31, 2023

Table 5

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Name of Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment Amount		Shares held as at December 31, 2023			Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized by the Company (Note 2(3))	Footnote
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value			
CyberLink Corp.	CyberLink.Com Corp.	America	Sale of software	\$ 136,327	\$ 136,327	4,000,000	100%	\$ 318,553	\$ 20,979	\$ 20,979	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,373,806	1,373,806	44,000,000	100%	1,742,640	(15,814)	(15,814)	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	229,202	5,055	5,055	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp. (Cayman)	Cayman	Investment activities	1,204,661 (USD 39,227 in thousands of dollars)	1,204,661 (USD 39,227 in thousands of dollars)	36,960,961	36.29%	1,501,661 (USD 48,898 in thousands of dollars)	168,703 (USD 5,416 in thousands of dollars)	-	Investments accounted for using the equity method

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

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

- The columns of 'Investee,' 'Location,' 'Main business activities,' 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- The 'Net income (loss) of the investee' column should fill in amount of net income (loss) of the investee for this period.
- The 'Investment income (loss) recognized by the Company' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

CYBERLINK CORP. AND SUBSIDIARIES
Information on investments in Mainland China
Year Ended December 31, 2023

Table 6

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount of investment remitted or recovered during the period			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the period (Note 2(2)B)	Carrying amount of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	Remitted to Mainland China								
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	\$ 75,454 (USD 2,457 in thousands of dollars)	(2)	\$ 32,399 (USD 1,055 in thousands of dollars)	\$ 4,514 (USD 147 in thousands of dollars)	\$ -	\$ 36,913 (USD 1,202 in thousands of dollars)	(\$ 22,933)	31.29%	\$ -	\$ 1,963	\$ -	Note 4, 5	
Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA											
CyberLink Corp.	\$ 36,913 (USD 1,202 in thousands of dollars)	\$ 73,643 (USD 2,398 in thousands of dollars)	\$2,670,787											

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

- (a) Directly invest in a company in mainland China
- (b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (c) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for December 31, 2023' column:

- (a) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (b) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. investment company's CPA.
 - C. Others.

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

Note 4: Through investing in CyberLink International Technology Corp.

Note 5: Perfect (Shanghai) Co., Ltd. is a subsidiary directly reinvested by Perfect Corp. (Cayman), which is the Group's investee company recognized under the equity method.

CYBERLINK CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 7

Expressed in shares

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

6.5 Latest audited parent company only financial statements

Independent Auditor's Report translated from Chinese

To the Board of Directors and Stockholders of CyberLink Corp.

Opinion

We have audited the accompanying parent company only balance sheets of CyberLink Corp. (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements 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 Auditor's Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

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

Description

Please refer to Note 4(28) for the description of accounting policy on operating revenue and Note 6(20) for details of operating revenue.

The Company generates revenue through various sales types, including online product downloads via partnering e-commerce platforms, sales through channels, and bundled products sold with computer hardware. Among them, revenue generated from online products downloads via partnering e-commerce platforms accounts for 71.40% of the Company's total revenue. After consumers downloaded products online to their devices such as computers and mobile phones, the Company obtains sales reports regularly from the e-commerce platforms and recognizes sales revenue according to the rights and obligations stated in the agreements. As the frequency of sales reports provided by different e-commerce platform differs, and the process of recognizing revenue usually involves manual operations, there may be differences in the timing of revenue recognition near the end of the financial reporting period, which could have a significant impact on the presentation of the parent company only financial statements. Therefore, we consider that the accuracy of revenue recognition timing for online product downloads via partnering e-commerce platforms is one of the key audit matters for this current fiscal year.

How our audit addressed the matter

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

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

The fair value measurement of investments in unlisted stocks and bonds without active market (including investments in unlisted stocks and bonds without active market held by subsidiaries accounted for using the equity method.)

Description

Please refer to Note 4(6) for the accounting policies on unlisted stocks and bonds investments without active market, Note 5(2) for the accounting estimates and assumption uncertainty in relation to the measurement of fair value, and Note 12(3) for details of fair value of financial assets.

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

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

How our audit addressed the matter

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

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

Responsibilities of Management and Those Charged with Governance for the parent company only financial statements

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

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

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

Auditor’s Responsibilities for the Audit of the parent company only financial statements

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

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

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

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

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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Huang, Chin-Lien

Certified Public Accountant

Lai, Chung-Hsi

February 29, 2024

Notes to Readers

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China.

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. The English version of the parent company only financial statements which used for translation are not audited by the CPA

CyberLink Corp.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

ASSETS	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 273,680	5	\$ 1,243,753	22
1110	Current financial assets at fair value through profit or loss	6(3)	130,624	2	20,193	1
1136	Current financial assets at amortized cost	6(2)	1,105,560	20	-	-
1140	Current contract assets	6(20)	-	-	13,154	-
1170	Accounts receivable, net	6(5)	41,358	1	68,469	1
1180	Accounts receivable, net– related parties	6(5) and 7	21,447	1	21,948	1
1200	Other receivables		4,636	-	3,599	-
1210	Other receivables - related parties	7	5,834	-	6,376	-
1220	Current income tax assets		6,111	-	15,664	-
130X	Inventories		3,727	-	6,088	-
1470	Other current assets		21,470	-	5,941	-
11XX	Total current assets		<u>1,614,447</u>	<u>29</u>	<u>1,405,185</u>	<u>25</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(3)	58,800	1	55,519	1
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	248	-	248	-
1550	Investments accounted for using the equity method	6(6) and 7	2,290,395	41	2,628,205	46
1600	Property, plant and equipment, net	6(7)	306,487	6	300,858	5
1755	Right-of-use assets	6(8) and 7	14,824	-	10,879	-
1760	Investment property, net	6(10)	1,215,277	22	1,226,913	22
1780	Intangible asset		-	-	2,250	-
1840	Deferred income tax assets	6(28)	39,080	1	31,113	1
1900	Other non-current assets		23,566	-	6,491	-
15XX	Total non-current assets		<u>3,948,677</u>	<u>71</u>	<u>4,262,476</u>	<u>75</u>
1XXX	Total assets		<u>\$ 5,563,124</u>	<u>100</u>	<u>\$ 5,667,661</u>	<u>100</u>

(Continue on next page)

CyberLink Corp.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2130	Current contract liabilities	6(20)	\$ 362,682	7	\$ 258,026	5
2170	Accounts payable	6(11)	26,226	-	36,239	1
2200	Other payables	6(12)	272,241	5	240,802	4
2230	Income tax payable		2,533	-	2,689	-
2280	Current lease liabilities	6(8)(31) and 7	5,823	-	5,512	-
2300	Other current liabilities		7,771	-	7,533	-
21XX	Total current liabilities		<u>677,276</u>	<u>12</u>	<u>550,801</u>	<u>10</u>
Non-current liabilities						
2550	Non-current provisions	6(13)	351,268	7	389,716	7
2570	Deferred income tax liabilities	6(28)	8,451	-	8,451	-
2580	Non-current lease liabilities	6(8)(31) and 7	9,497	-	5,761	-
2600	Other non-current liabilities	6(14)(31)	65,321	1	63,190	1
25XX	Total non-current liabilities		<u>434,537</u>	<u>8</u>	<u>467,118</u>	<u>8</u>
2XXX	Total Liabilities		<u>1,111,813</u>	<u>20</u>	<u>1,017,919</u>	<u>18</u>
Equity						
Capital Stock						
3110	Common stock	6(16)	789,418	14	789,418	14
Capital surplus						
3200	Capital surplus	6(17)	2,247,436	40	2,468,920	44
Retained earnings						
3310	Legal reserve	6(18)	1,092,794	20	1,092,794	19
3320	Special reserve		170,301	3	242,407	4
3350	Unappropriated earnings		337,665	6	226,504	4
Other equity interest						
3400	Other equity interest	6(19)	(186,303)	(3)	(170,301)	(3)
3XXX	Total equity		<u>4,451,311</u>	<u>80</u>	<u>4,649,742</u>	<u>82</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
Significant Events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 5,563,124</u>	<u>100</u>	<u>\$ 5,667,661</u>	<u>100</u>

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

CyberLink Corp.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000Net revenue	6(20) and 7	\$1,556,729	100	\$1,407,331	100
5000Operating costs	6(21)(26)	(219,018)	(14)	(167,502)	(12)
5900Gross profit		1,337,711	86	1,239,829	88
5910 Unrealized profits on sales		(1,461)	-	(4,657)	-
5920 Realized sales profits		5,626	-	8,349	1
5950Gross profit (loss) from operations		1,341,876	86	1,243,521	89
Operating expenses	6(14)(26) (27) and 7				
6100 Sales and marketing expenses		(454,915)	(29)	(385,267)	(27)
6200 General and administrative expenses		(103,677)	(6)	(93,775)	(7)
6300 Research and development expenses		(586,610)	(38)	(532,836)	(38)
6450 Expected credit loss	12(2)	(31,153)	(2)	-	-
6000 Total operating expenses		(1,176,355)	(75)	(1,011,878)	(72)
6900Operating income		165,521	11	231,643	17
Non-operating income and expenses					
7100 Interest income	6(2)(22)	62,010	4	15,434	1
7010 Other income	6(9)(10) (23) and 7	79,755	5	77,964	5
7020 Other gains or losses	6(3)(24)	(8,074)	(1)	40,649	3
7050 Financial costs	6(8)(25)and 7	(203)	-	(82)	-
7070 Share of loss of associates and joint ventures accounted for under equity method	6(6)	10,220	1	(143,291)	(10)
7000Total non-operating income and expenses		143,708	9	(9,326)	(1)
7900Income before income tax		309,229	20	222,317	16
7950Income tax expenses	6(28)	(87,193)	(6)	(38,692)	(3)
8200Net income		\$ 222,036	14	\$ 183,625	13
Other comprehensive (loss) income					
Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311 Gain (loss) on remeasurement of defined benefit plans	6(14)	(\$ 1,724)	-	\$ 7,929	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	345	-	(1,586)	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(1,379)	-	6,343	1
Components of other comprehensive income that will be reclassified to profit or loss subsequently					
8361 Exchange differences arising on translation of foreign operations	6(19)	(14,076)	(1)	63,421	4
8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(19)	(1,926)	-	7,654	1
8360 Components of other comprehensive income that will be reclassified to profit or loss subsequently		(16,002)	(1)	71,075	5
8300Other comprehensive income (net)		(\$ 17,381)	(1)	\$ 77,418	6
8500Total comprehensive income for the period		\$ 204,655	13	\$ 261,043	19
Earnings per share (EPS) (NT\$)	6(29)				
9750 Basic earnings per share		\$ 2.81		\$ 2.34	
9850 Diluted earnings per share		\$ 2.77		\$ 2.33	

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

CyberLink Corp.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Retained earnings				Other equity interest			Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 773,533	\$ 703,016	\$ 1,192,548	\$ 185,920	\$ 93,847	(\$ 230,112)	(\$ 12,295)	\$ 2,706,457
Net income for the period		-	-	-	-	183,625	-	-	183,625
Other comprehensive income for 2022	6(19)	-	-	-	-	6,343	71,075	-	77,418
Total comprehensive income for 2022		-	-	-	-	189,968	71,075	-	261,043
Distribution of 2021 earnings:	6(18)								
Provision of special reserve		-	-	-	56,487	(56,487)	-	-	-
Share-based payment transactions	6(17)	-	9,061	-	-	-	-	-	9,061
Exercise of employee stock options	6(16)(17)	15,885	54,009	-	-	-	-	-	69,894
Change in net equity of associates accounted for using the equity method	6(17)(19)	-	1,738,426	-	-	(824)	1,031	-	1,738,633
Distribution of cash dividend through legal reserve	6(18)	-	-	(99,754)	-	-	-	-	(99,754)
Distribution of cash dividend through capital surplus	6(18)	-	(35,592)	-	-	-	-	-	(35,592)
Balance at December 31, 2022		<u>\$ 789,418</u>	<u>\$ 2,468,920</u>	<u>\$ 1,092,794</u>	<u>\$ 242,407</u>	<u>\$ 226,504</u>	<u>(\$ 158,006)</u>	<u>(\$ 12,295)</u>	<u>\$ 4,649,742</u>
<u>Year 2023</u>									
Balance at January 1, 2023		<u>\$ 789,418</u>	<u>\$ 2,468,920</u>	<u>\$ 1,092,794</u>	<u>\$ 242,407</u>	<u>\$ 226,504</u>	<u>(\$ 158,006)</u>	<u>(\$ 12,295)</u>	<u>\$ 4,649,742</u>
Net income for 2023		-	-	-	-	222,036	-	-	222,036
Other comprehensive loss for 2023	6(19)	-	-	-	-	(1,379)	(16,002)	-	(17,381)
Total comprehensive income for 2023		-	-	-	-	220,657	(16,002)	-	204,655
Distribution of 2022 earnings:	6(18)								
Reversal of special reserve		-	-	-	(72,106)	72,106	-	-	-
Cash dividends		-	-	-	-	(181,566)	-	-	(181,566)
Share-based payment transactions	6(17)	-	20,801	-	-	-	-	-	20,801
Change in net equity of associates accounted for using the equity method	6(17)	-	(242,285)	-	-	(36)	-	-	(242,321)
Balance at December 31, 2023		<u>\$ 789,418</u>	<u>\$ 2,247,436</u>	<u>\$ 1,092,794</u>	<u>\$ 170,301</u>	<u>\$ 337,665</u>	<u>(\$ 174,008)</u>	<u>(\$ 12,295)</u>	<u>\$ 4,451,311</u>

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

CyberLink Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31	
		2023	2022
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 309,229	\$ 222,317
Adjustments			
Adjustments to reconcile (profit) loss			
Realized sales profits		(4,165)	(3,692)
(Profit) loss of financial assets at fair value through profit or loss	6(3)(24)	(3,962)	654
Depreciation expense	6(7)(8)(10)	27,668	27,955
Amortization expense	6(26)	2,250	3,083
Interest income	6(22)	(62,010)	(15,434)
Interest expenses	6(8)(25)	203	82
Gain on lease modification	6(8)(24)	(55)	-
Employees' stock option cost	6(15)		
	(27)	20,385	8,881
Share of loss (gain) from subsidiaries accounted for using the equity method	6(6)	(10,220)	143,291
Expected credit loss	6(26)	31,153	-
Overdue other payables transferred to revenue	6(23)	(2,313)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(109,999)	(20,000)
Refund of capital reduction of financial assets at fair value through profit or loss	6(3)	249	5,945
Accounts receivable		(4,042)	(53,727)
Accounts receivable-related parties		501	10,384
Current contract assets		13,154	(13,154)
Other receivables		(96)	661
Other receivables-related parties		542	(1,007)
Inventories		2,361	(873)
Other current assets		(15,529)	7,107
Other non-current assets		(16,568)	-
Changes in operating liabilities			
Current contract liabilities		104,656	69,741
Accounts payable		(10,013)	2,513
Other payables		33,752	30,072
Other current liabilities		238	389
Provisions		(38,448)	(102,458)
Other non-current liabilities		(241)	(5,375)
Cash inflow generated from operations		268,680	317,355
Interest received		61,069	13,162
Dividends received		94,288	59,380
Interest paid		(203)	(82)
Dividends paid		(181,566)	(135,346)
Income tax paid		(99,898)	(54,578)
Income tax returned		14,480	21,800
Net cash inflow from operating activities		156,850	221,691

(Continue on next page)

CyberLink Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31	
		2023	2022
<u>Cash flows from investing activities</u>			
Proceeds from disposal of financial assets at amortized cost		\$ 1,197,690	\$ 1,802,560
Acquisition of financial assets at amortized cost		(2,303,250)	(1,105,560)
Acquisition of investments accounted for using the equity method	6(6)	-	(89,910)
Acquisition of property, plant and equipment	6(7)	(15,596)	(10,292)
Acquisition of intangible assets		-	(3,276)
Increase in refundable deposits		(507)	(2,474)
Net cash inflow from investing activities		<u>(1,121,663)</u>	<u>591,048</u>
<u>Cash flows from financing activities</u>			
Increase (decrease) in deposits received	6(31)	648	(771)
Repayment of the principal portion of lease liabilities	6(8)(31)	(5,908)	(4,818)
Exercise of employee stock options		-	69,894
Net cash flows from (used in) financing activities		<u>(5,260)</u>	<u>64,305</u>
Net increase (decrease) in cash and cash equivalents		(970,073)	877,044
Cash and cash equivalents at beginning of year		<u>1,243,753</u>	<u>366,709</u>
Cash and cash equivalents at end of year		<u>\$ 273,680</u>	<u>\$ 1,243,753</u>

CyberLink Corp.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022

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

1. History and Organization

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

2. The Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The parent company only financial statements were authorized for issuance by the Board of Directors on February 29, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendment to IAS 12, ‘International Tax Reform - Pillar Two Model Rules’.	May 23, 2023

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IFRS 16 'Lease Liabilities in a Sale and Leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current Liabilities with Covenants'	January 1, 2024
Amendments to IAS7 and IFRS7, 'Supplier Finance Arrangements'.	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendment to IAS 21 'Lack of Exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements were prepared in accordance with ‘Regulations Governing the Preparation of Financial Reports by Securities Issuers’.

(2) Basis of preparation

1. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars (NT\$), which is the Company’s functional and presentation currency.

1. Foreign currency transactions and balances
 - (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other

comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

2. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(5) Cash equivalents

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

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value: The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

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

immaterial.

(9) Accounts receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

Financial assets are derecognized when one of the following conditions is met:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating lease

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

(13) Inventories

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

(14) Investments accounted for using the equity method/ subsidiaries

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries

have been offset. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its ownership.
4. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

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

Buildings	50 years
Buildings improvements	2~5 years
Machinery and equipment	3 years
Office equipment	5 years

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

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases

of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
4. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use assets to reflect the partial or full termination of the lease, and recognize the difference between it and the remeasured lease liability in profit or loss.

(17) Investment property

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

(18) Intangible asset

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

(19) Impairment of financial assets

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

(20) Accounts payable

1. Accounts payable are liabilities for purchases of goods or services and accounts payable are those resulting from operating and non-operating activities.

2. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

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

(22) Provisions

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

(23) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurement arising on defined benefit plans is recognized in other

comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Employees' compensation and directors' remuneration

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

(24) Employee share-based payment

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

(25) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the

temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from the acquisition of equipment or technology, research and development expenditures, and equity investments to the extent that it is possible that future taxable income will be available against which the unused tax credits can be utilized.

(26) Capital Stock

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

(27) Dividends

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

(28) Revenue recognition

1. The Company sells computer software products. Revenue arising from the sales of software products to hardware firm to be bundled with its hardware products is recognized when the Company has delivered the software to the hardware firm, or based on the sales report provided by the hardware firm periodically to the Company in regards to the sales of its hardware products bundled with the software produced by the Company. The sales report is usually provided to the Company in the next quarter of its hardware sales. Revenue arising from the sales of software to distributor or retailer should be recognized when the Company has delivered the software to the distributor or retailer. Revenue arising from the sales of software through online channels should be recognized based on the sales report provided

- by these online channels, which is usually provided to the Company in the next month after the sales of the software. The sales usually are made with a credit term of 30 to 90 days. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
2. The Company entered into a contract with a customer to grant a license of computer software to the customer. The Company recognizes the revenue from licensing either at a point in time or over time based on the nature of the license granted. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the computer software to the customer, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The income arising from these licenses are recognized as revenue on a straight-line basis throughout the contract period. Customers make payments based on agreed schedule, and the excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability. In case the abovementioned conditions are not met, the nature of the Company's promise in granting a license is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognized when transferring the license to a customer at a point in time.
 3. It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (shown as other current liabilities) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each balance sheet date.
 4. The Company occasionally provides debug program to customers, which can be downloaded through the internet for free. This service is not an obligation of the sale nor does it increase the main functions of the product. Therefore, service costs and liabilities relating to this service are accrued upon the sale of the product; this service would not affect the amount of revenue of the product.
 5. Cost of goods sold comprises packaging cost, production cost, royalty paid to third party, service cost of platform payment, provision for royalty liability, inventory valuation and obsolescence loss, etc.

(29) Government grants

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

are intended to compensate.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Financial assets - fair value measurement of unlisted stocks and bonds without active market
The fair value of unlisted stocks and bonds held by the Company that are not traded in an active market is determined considering those companies' technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks and bonds. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2023, the carrying amounts of unlisted stocks and bonds without active market were \$42,248 and \$16,800, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 50	\$ 50
Demand deposits	120,080	260,983
Time deposits	<u>153,550</u>	<u>982,720</u>
	<u>\$ 273,680</u>	<u>\$ 1,243,753</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

2. The Company has no cash and cash equivalents pledged to others.

(2) Current financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Time deposits with original maturity of more than three months	<u>\$ 1,105,560</u>	<u>\$ -</u>

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

	Year ended December 31	
	2023	2022
Interest income	<u>\$ 47,707</u>	<u>\$ 10,501</u>

2. As at December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were \$1,105,560 and \$0, respectively.
3. The Company has no financial assets at amortized cost pledged to others.
4. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Company's time deposit investment are financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.
- (3) Current and non-current financial assets at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market funds	\$ 130,252	\$ 20,085
Valuation adjustment	<u>372</u>	<u>108</u>
	<u>\$ 130,624</u>	<u>\$ 20,193</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	\$ 30,000	\$ 30,000
Unlisted stocks	<u>23,221</u>	<u>23,470</u>
Subtotal	53,221	53,470
Valuation adjustment	<u>5,579</u>	<u>2,049</u>
	<u>\$ 58,800</u>	<u>\$ 55,519</u>

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	(\$ 4,470)	(\$ 3,360)
Money market funds	432	193
Unlisted stocks	<u>8,000</u>	<u>2,513</u>
	<u>\$ 3,962</u>	<u>(\$ 654)</u>

2. The Company has no financial assets at fair value through profit or loss pledged to others.
 3. The Company received proceeds from capital reduction of an investee in the amounts of \$249 and \$5,945 in July 2023 and 2022, respectively.
 4. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).
- (4) Non-current financial assets at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Unlisted stocks	\$ 5,000	\$ 5,000
Valuation adjustment	<u>(4,752)</u>	<u>(4,752)</u>
	<u>\$ 248</u>	<u>\$ 248</u>

1. The Company has elected to classify unlisted stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair values of such investments as of December 31, 2023 and 2022 both amounted to \$248.
2. As at December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were both \$248.
3. The Company has no financial assets at fair value through other comprehensive income pledged to others.
4. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 72,511	\$ 68,469
Less: Loss allowance	<u>(31,153)</u>	<u>-</u>
	41,358	68,469
Accounts receivable-related parties	<u>21,447</u>	<u>21,948</u>
	<u>\$ 62,805</u>	<u>\$ 90,417</u>

1. The aging analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not Past Due	\$ 58,792	\$ 74,629
Past Due		
Up to 30 days	18,322	12,974
31 to 90 days	1,188	2,741
Over 91 days	<u>15,656</u>	<u>73</u>
	<u>\$ 93,958</u>	<u>\$ 90,417</u>

The above ageing analysis was based on past due date.

2. As of December 31, 2023 and 2022, accounts receivable were all both from contracts with customers. And as of January 1, 2022, the balance of accounts receivable from contracts with customers amounted to \$47,074.
3. As at December 31, 2023 and 2022, without taking into consideration other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$62,805 and \$90,417, respectively.
4. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investments accounted for using the equity method

1. Details of investments accounted for using the equity method are as follows:

Name of Subsidiary	December 31, 2023		December 31, 2022	
	Shareholding ratio (%)	Carrying amount	Shareholding ratio (%)	Carrying amount
CyberLink.Com Corp. (CyberLink-USA)	100%	\$ 318,553	100%	\$ 385,836
CyberLink International Technology Corp. (CyberLink-B.V.I.)	100%	1,742,640	100%	2,002,856
CyberLink Inc. (CyberLink-Japan)	100%	<u>229,202</u>	100%	<u>239,513</u>
		<u>\$2,290,395</u>		<u>\$ 2,628,205</u>

2. Shares of loss (profit) from subsidiaries using the equity method for the years ended December 31, 2023 and 2022 were as follows:

Name of Subsidiary	Year ended December 31	
	2023	2022
CyberLink-USA	\$ 20,979	(\$ 27,770)
CyberLink-B.V.I.	(15,814)	(110,056)
CyberLink-Japan	<u>5,055</u>	<u>(5,465)</u>
	<u>\$ 10,220</u>	<u>(\$ 143,291)</u>

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

In the fourth quarter of 2021, the Perfect Corp. (Cayman) had a massive deficit amount on account after valuation of preference share liabilities which were issued by Perfect Corp.(Cayman) based on the business value of aforementioned combination transactions.

Therefore, on December 31, 2021, the net equity was negative. According to the regulations, the investor will not further recognize losses when the share of losses in an associate equals or exceeds its equity interest in the associate, thus, the subsidiary CyberLink-B.V.I.'s recognition on the investment in an associate will stop at \$0.

4. For the Company's future strategic development purpose, on March 3, 2022, the Board of Directors of the Company approved acquiring 3 million common shares issued by the subsidiary, CyberLink-B.V.I. for capital increase, with a par value of US\$1 the total acquisition amount was US\$3 million (approximately \$89,910). In addition, the subsidiary CyberLink-B.V.I. made a simultaneous investment in the common shares issued by Perfect Corp. (Cayman) at a rate of US\$10 per share. The total investment was amounted to US\$3 million (approximately \$89,400). The capital increase for the subsidiary CyberLink-B.V.I. has been executed, while and the capital increase for the associate, Perfect Corp. (Cayman) was completed at Eastern Time on October 28, 2022.
5. The subsidiary CyberLink-B.V.I.'s shareholding ratio in Perfect Corp. (Cayman) decreased from 38.08% to 36.30% as the employees of Perfect Corp. (Cayman) exercised their employee stock options on January 24, 2022.
6. The business combination of Perfect Corp. (Cayman), a reinvested company of the subsidiary CyberLink-B.V.I. was completed with its shares listed at Eastern Time on October 28, 2022. Prior to the business combination and listing, all the preference share liabilities issued by Perfect Corp. (Cayman) were converted into common stock through conversion and capital increase procedures. As a result, shareholding ratio of CyberLink-B.V.I. in Perfect Corp. (Cayman) decreased from 36.30% to 31.25%. On October 29, 2022, the equity value of Perfect Corp. (Cayman) was positive. The Company recognized a capital surplus of not in proportion to the Company's ownership amount to \$1,709,253 due to the aforementioned transactions.
7. Perfect Corp. (Cayman), an investee of the subsidiary CyberLink-BVI, commenced its self tender offer program to repurchase treasury shares at Eastern Time on November 27, 2023. A total 16,129 thousand shares were repurchased and the registrations of retirement of shares have been completed at Eastern Time on December 29, 2023. As CyberLink-B.V.I. did not participate in the aforementioned transaction, its shareholding ratio in Perfect Corp. (Cayman) increased from 31.25% to 36.29%. The Company recognized a capital surplus of not in proportion to the Company's ownership amount to (\$281,878) due to the aforementioned transaction.
8. Please refer to Note 4(3) to Consolidated Financial Statements for the year 2023 of the Company for information on subsidiaries of the Company.

(7) Property, plant and equipment, net

	2023				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	\$ 220,698	\$ 111,684	\$ 25,026	\$ 372	\$ 357,780
Accumulated depreciation	-	(41,020)	(15,813)	(89)	(56,922)
	<u>\$ 220,698</u>	<u>\$ 70,664</u>	<u>\$ 9,213</u>	<u>\$ 283</u>	<u>\$ 300,858</u>
At January 1	\$ 220,698	\$ 70,664	\$ 9,213	\$ 283	\$ 300,858
Additions	-	10,813	4,588	195	15,596
Costs of disposal	-	(592)	(7,122)	-	(7,714)
Accumulated depreciation on disposal	-	592	7,122	-	7,714
Depreciation expense	-	(5,245)	(4,561)	(161)	(9,967)
At December 31	<u>\$ 220,698</u>	<u>\$ 76,232</u>	<u>\$ 9,240</u>	<u>\$ 317</u>	<u>\$ 306,487</u>
At December 31					
Cost	\$ 220,698	\$ 121,905	\$ 22,492	\$ 567	\$ 365,662
Accumulated depreciation	-	(45,673)	(13,252)	(250)	(59,175)
	<u>\$ 220,698</u>	<u>\$ 76,232</u>	<u>\$ 9,240</u>	<u>\$ 317</u>	<u>\$ 306,487</u>
	2022				
	Land	Buildings	Machinery and equipment	Office equipment	Total
At January 1					
Cost	\$ 220,698	\$ 125,763	\$ 27,244	\$ -	\$ 373,705
Accumulated depreciation	-	(45,672)	(16,136)	-	(61,808)
	<u>\$ 220,698</u>	<u>\$ 80,091</u>	<u>\$ 11,108</u>	<u>\$ -</u>	<u>\$ 311,897</u>
At January 1	\$ 220,698	\$ 80,091	\$ 11,108	\$ -	\$ 311,897
Additions	-	6,713	3,207	372	10,292
Costs of disposal	-	(7,235)	(5,425)	-	(12,660)
Accumulated depreciation on disposal	-	7,235	5,425	-	12,660
Reclassification - cost (Note)	-	(13,557)	-	-	(13,557)
Reclassification - accumulated depreciation (Note)	-	3,301	-	-	3,301
Depreciation expense	-	(5,884)	(5,102)	(89)	(11,075)
At December 31	<u>\$ 220,698</u>	<u>\$ 70,664</u>	<u>\$ 9,213</u>	<u>\$ 283</u>	<u>\$ 300,858</u>
At December 31					
Cost	\$ 220,698	\$ 111,684	\$ 25,026	\$ 372	\$ 357,780
Accumulated depreciation	-	(41,020)	(15,813)	(89)	(56,922)
	<u>\$ 220,698</u>	<u>\$ 70,664</u>	<u>\$ 9,213</u>	<u>\$ 283</u>	<u>\$ 300,858</u>

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

(8) Leasing arrangements - lessee

1. The Company leases various assets including offices and transportation equipment, Rental contracts for the years ended December 31, 2023 and 2022 are typically made for periods from 2022 to 2026 and from 2020 to 2025, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may neither be used as security for borrowing purposes nor have its rights transferred to others in other forms such as business transfer and combination.
2. Short-term leases with a lease term of 12 months or less comprise parking spaces rented by the Company.
3. The information of right-of-use assets is as follows:

	2023		
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 11,537	\$ 3,921	\$ 15,458
Accumulated depreciation	(1,529)	(3,050)	(4,579)
	<u>\$ 10,008</u>	<u>\$ 871</u>	<u>\$ 10,879</u>
At January 1	\$ 10,008	\$ 871	\$ 10,879
Addition - Newly added lease contracts	12,997	2,904	15,901
Lease modifications - cost	(8,776)	(3,921)	(12,697)
Lease modification - accumulated depreciation	3,047	3,759	6,806
Depreciation expense	(4,872)	(1,193)	(6,065)
At December 31	<u>\$ 12,404</u>	<u>\$ 2,420</u>	<u>\$ 14,824</u>
At December 31			
Cost	\$ 15,758	\$ 2,904	\$ 18,662
Accumulated depreciation	(3,354)	(484)	(3,838)
	<u>\$ 12,404</u>	<u>\$ 2,420</u>	<u>\$ 14,824</u>

2022

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

4. Lease liabilities relating to lease contracts:

	December 31, 2023	December 31, 2022
Total lease liabilities	\$ 15,320	\$ 11,273
Less: Current portion (shown as 'current lease liabilities')	(5,823)	(5,512)
	<u>\$ 9,497</u>	<u>\$ 5,761</u>

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

	Year ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 203	\$ 82
Expense on short-term lease contracts	116	49
Gain on lease modification	(55)	-
	<u>\$ 264</u>	<u>\$ 131</u>

6. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$6,227 and \$4,949, respectively, which included expenses on short-term lease contracts of \$116 and \$49, interest expenses on lease liabilities of \$203 and \$82, and payments of lease liabilities of \$5,908 and \$4,818, respectively.

(9) Leasing arrangements - lessor

1. Leases to unrelated parties

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

2. Leases to related parties

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

3. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amounts of \$63,354 and \$62,288, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 55,533
2024	51,022	24,376
2025	27,557	4,159
2026	23,002	3,244
2027	16,697	811
2028	14,596	-
2029	9,817	-
	<u>\$ 142,691</u>	<u>\$ 88,123</u>

(10) Investment property

	<u>2023</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>

At January 1			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	<u>-</u>	<u>(165,581)</u>	<u>(165,581)</u>
	<u>\$ 799,024</u>	<u>\$ 427,889</u>	<u>\$ 1,226,913</u>
At January 1	\$ 799,024	\$ 427,889	\$ 1,226,913
Depreciation expense	<u>-</u>	<u>(11,636)</u>	<u>(11,636)</u>
At December 31	<u>\$ 799,024</u>	<u>\$ 416,253</u>	<u>\$ 1,215,277</u>
At December 31			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	<u>-</u>	<u>(177,217)</u>	<u>(177,217)</u>
	<u>\$ 799,024</u>	<u>\$ 416,253</u>	<u>\$ 1,215,277</u>

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

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

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 63,354</u>	<u>\$ 61,240</u>
Direct operating expenses arising from the investment property that generated rental income during the period		
	<u>\$ 14,430</u>	<u>\$ 14,947</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period		
	<u>\$ 1,700</u>	<u>\$ 1,682</u>

2. The fair values of the investment property held by the Company as of December 31, 2023, and 2022 were \$2,322,229 and \$2,523,850, respectively, which were estimated based on market trading prices of similar property in the areas nearby which belong to the Level 3 information.

(11) Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Royalty expense	\$ 15,765	\$ 34,476
Others	<u>10,461</u>	<u>1,763</u>
	<u>\$ 26,226</u>	<u>\$ 36,239</u>

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payroll	\$ 94,629	\$ 89,176
Employees' compensation and directors' remuneration	88,016	73,893
Promotional fees	36,798	33,016
Professional service fees	12,616	11,450
Employees' rewards	9,379	9,379
Other accrued expenses	27,470	21,297
Other payables	<u>3,333</u>	<u>2,591</u>
	<u>\$ 272,241</u>	<u>\$ 240,802</u>

(13) Provisions

	2023		
	Royalty	Cost of software bug-fixing	Total
At January 1	\$ 383,795	\$ 5,921	\$ 389,716
Additional provisions	18,464	594	19,058
Unused amounts reversed	(32,054)	-	(32,054)
Provision for liabilities used in the current period	(25,391)	-	(25,391)
Net exchange differences	(61)	-	(61)
At December 31	<u>\$ 344,753</u>	<u>\$ 6,515</u>	<u>\$ 351,268</u>

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

Analysis of total provisions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current	<u>\$ 351,268</u>	<u>\$ 389,716</u>

1. Royalty

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

2. Cost of software bug-fixing

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

(14) Pensions

- 1.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a

maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 95,343)	(\$ 92,081)
Fair value of plan assets	<u>40,205</u>	<u>38,426</u>
Net defined benefit liability	<u>(\$ 55,138)</u>	<u>(\$ 53,655)</u>

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

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance as of January 1	(\$ 92,081)	\$ 38,426	(\$ 53,655)
Interest (expense) income	(1,234)	516	(718)
	<u>(93,315)</u>	<u>38,942</u>	<u>(54,373)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	304	304
Change in demographic assumptions	(7)	-	(7)
Change in financial assumptions	(1,331)	-	(1,331)
Experience adjustments	(690)	-	(690)
	<u>(2,028)</u>	<u>304</u>	<u>(1,724)</u>
Pension fund contribution	-	959	959
Balance as of December 31	<u>(\$ 95,343)</u>	<u>\$ 40,205</u>	<u>(\$ 55,138)</u>

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the

Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.35%
Future salary increases	3.00%	3.00%

The future mortality rates in 2023 and 2022 were estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 2,203)	\$ 2,287	\$ 2,241	(\$ 2,170)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 2,264)	\$ 2,351	\$ 2,307	(\$ 2,234)

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

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

- (f) Expected contributions to the defined benefit pension plans of the company for the

year ending December 31, 2024 amount to \$960.

- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	19,728
1-2 year(s)		3,401
3-5 years		8,188
Over 5 years		<u>75,093</u>
	\$	<u>106,410</u>

- 2.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$26,036 and \$24,047, respectively.

(15) Share-based payment

1. As of December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

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

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

	2023		2022	
	No. of options (in thousands)	Weighted – average exercise price (in dollars)	No. of options (in thousands)	Weighted – average exercise price (in dollars)
Options outstanding on January 1	2,000	\$ 87.70	1,699	\$ 44.00
Options granted in the current period	-	-	2,000	89.50
Options exercised	-	-	(1,589)	44.00
Options lapsed in the current period	-	-	(110)	44.00
Options outstanding at December 31	<u>2,000</u>	85.70	<u>2,000</u>	87.70
Options exercisable at December 31	<u>-</u>		<u>-</u>	

3. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was \$0 and \$44.00 (in dollars), respectively.
4. As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding was \$85.70 and \$87.70 (in dollars), respectively; the weighted-average remaining contractual period was 5.57 years and 6.57 years, respectively.
5. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

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

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

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

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

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

	2023	2022
Cost of employee stock options	\$ 20,385	\$ 8,881

(16) Capital Stock

- As of December 31, 2023, the Company's authorized capital was \$1,610,000, consisting of 161,000 thousand shares of ordinary stock (including 21,000 thousand shares reserved for employee stock options), and the paid-in capital was \$789,418 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number (Shares in thousands) of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	78,942	77,353
Exercise of employee stock options	-	1,589
At December 31	78,942	78,942

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership,

provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Company's ownership	Net change in equity of associates	Total
At January 1	\$ 92,937	\$ 9,061	\$ 60,144	\$ 2,306,778	\$ 2,468,920
Share-based payment transactions	-	20,801	-	-	20,801
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	39,593	39,593
Recognition not in proportion to the Company's ownership (Note)	-	-	-	(281,878)	(281,878)
At December 31	<u>\$ 92,937</u>	<u>\$ 29,862</u>	<u>\$ 60,144</u>	<u>\$ 2,064,493</u>	<u>\$ 2,247,436</u>

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

Note: Please refer to Note 6(6) 6 and 7 for the recognition not in proportion to the Company's ownership.

(18) Retained earnings

- Under the Company's Articles of Incorporation, the current year's earnings, net of tax, shall first be used to offset prior year's operating losses (including adjustment amount of undistributed earnings), then 10% of the remaining amount shall be set aside as legal

reserve until the legal reserve equals the total capital stock balance, and setting aside or reversal for special reserve in accordance with the securities and Exchange Act. The Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at beginning of periods (including adjustment amount of undistributed earnings) for the approval of the shareholders.

2. The Company's dividend policy is aligned with the development plan for the present and the future taking into consideration investment environment, capital requirement, domestic and overseas competition condition and profit of shareholders. Annual distribution of stockholders' bonus should not be less than 50% of current distributable earnings, and may be in the form of stock dividend and cash dividend. Presently, the distribution of cash dividend should not be less than 20% of annual dividend appropriations, however, if the Company has significant plans for capital expenditures, after approval at the shareholders' meeting, cash dividends can be distributed lower than 20% of annual dividends appropriations.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. On March 29, 2022, the Board of Directors' meeting approved the loss appropriation proposal for 2021 to make up for the loss of the current year with \$562,766 of retained earnings, and the shareholders' meeting subsequently resolved the loss compensation proposal on June 21, 2022.
6. On March 29, 2022, the Board of Directors' meeting approved the proposed \$135,346 cash distribution from \$35,592 of capital surplus due to share issuance at a premium and from \$99,754 of legal reserve. The proposal of cash distribution through such capital surplus was resolved in the shareholders' meeting on June 21, 2022.
- 7.(a) On June 20, 2023 and June 21, 2022, the appropriation of 2022 and 2021 earnings had been resolved at the stockholders' meeting as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ -	
(Reversed) Provision of special reserve	(72,106)		56,487	
Cash dividends	181,566	\$ 2.30	-	\$ -
Total	<u>\$109,460</u>		<u>\$ 56,487</u>	

(b) The Company's legal reserve had exceeded paid-in capital, thus, according to laws, the Company could not appropriate legal reserve. When the Company appropriated earnings for the year ended December 31, 2022 and 2021, it determined not to provision legal reserve.

(19) Other equity items

	2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12,295)	(\$ 158,006)	(\$ 170,301)
Currency translation:			
- Subsidiary	-	(13,697)	(13,697)
- Associates	-	(2,305)	(2,305)
At December 31	<u>(\$ 12,295)</u>	<u>(\$ 174,008)</u>	<u>(\$ 186,303)</u>

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

(20) Net revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$ 1,556,729</u>	<u>\$ 1,407,331</u>

1. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023	Taiwan		America		Japan		Other region		Total
	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	
Revenue from contracts with customers	\$ 59,500	\$ 50,763	\$824,879	\$ 85,541	\$236,999	\$141,245	\$ 94,854	\$ 62,948	\$ 1,556,729
Timing of revenue recognition									
At a point in time	\$ 21,730	\$ 33,694	\$208,214	\$ 79,181	\$ 59,668	\$136,214	\$ 32,402	\$ 57,113	\$ 628,216
Over time	37,770	17,069	616,665	6,360	177,331	5,031	62,452	5,835	928,513
	\$ 59,500	\$ 50,763	\$824,879	\$ 85,541	\$236,999	\$141,245	\$ 94,854	\$ 62,948	\$ 1,556,729

Year ended December 31, 2022	Taiwan		America		Japan		Other region		Total
	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	
Revenue from contracts with customers	\$ 84,543	\$ 61,773	\$667,036	\$ 95,321	\$218,907	\$134,248	\$ 84,021	\$ 61,482	\$ 1,407,331
Timing of revenue recognition									
At a point in time	\$ 49,849	\$ 44,794	\$396,565	\$ 90,581	\$ 76,725	\$129,757	\$ 31,703	\$ 59,367	\$ 879,341
Over time	34,694	16,979	270,471	4,740	142,182	4,491	52,318	2,115	527,990
	\$ 84,543	\$ 61,773	\$667,036	\$ 95,321	\$218,907	\$134,248	\$ 84,021	\$ 61,482	\$ 1,407,331

2. Contract assets and contract liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Project contracts	\$ -	\$ 13,154	\$ -
Contract liabilities:			
Advance sales receipts	\$ 362,682	\$ 258,026	\$ 188,285

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

	Year ended December 31	
	2023	2022
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Advance sales receipts	\$ 254,561	\$ 188,028

(21) Operating costs

	Year ended December 31	
	2023	2022
Service cost of platform	\$ 172,906	\$ 113,557
Royalty cost	21,244	45,789
Cost of goods sold	7,540	6,380
Others	17,328	1,776
	\$ 219,018	\$ 167,502

(22) Interest income

	Year ended December 31	
	2023	2022
Interest income from financial assets measured at amortized cost	\$ 47,707	\$ 10,501
Bank deposits	14,303	4,933
	\$ 62,010	\$ 15,434

(23) Other income

	Year ended December 31	
	2023	2022
Rental income	\$ 63,354	\$ 62,288
Service revenue (Note)	10,222	10,881
Grant income	628	47
Overdue accounts payable transferred to revenue	2,313	-
Others	3,238	4,748
	\$ 79,755	\$ 77,964

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

(24) Other gains or losses

	Year ended December 31	
	2023	2022
Currency exchange gains	\$ 4,179	\$ 58,007
Depreciation expenses on investment property	(11,636)	(11,637)
Net gains (losses) on financial assets at fair value through profit or loss	3,962	(654)
Gain on lease modification	55	-
Others	(4,634)	(5,067)
	<u>(\$ 8,074)</u>	<u>\$ 40,649</u>

(25) Financial costs

	Year ended December 31	
	2023	2022
Interest expense - lease liabilities	<u>\$ 203</u>	<u>\$ 82</u>

(26) Costs and expenses by nature

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 7,540	\$ 6,380
Employee benefit expenses	760,689	694,251
Promotional fees	233,998	186,126
Service cost of platform	172,906	113,557
Professional service fees	52,080	48,410
Expected credit loss	31,153	-
Royalty cost	21,244	45,789
Depreciation of property, plant and equipment	9,967	11,075
Depreciation of right-of-use assets	6,065	5,243
Amortization expenses	2,250	3,083
Others	97,481	65,466
Total cost of sales and operating expenses	<u>\$ 1,395,373</u>	<u>\$ 1,179,380</u>

(27) Employee benefit expenses

	Year ended December 31	
	2023	2022
Wages and Salaries	\$ 641,995	\$ 602,619
Insurance fees	46,939	43,078
Pension costs	26,754	19,552
Cost of employee stock options	20,385	8,881
Directors' remuneration	7,022	6,658
Other personnel expenses	17,594	13,463
	<u>\$ 760,689</u>	<u>\$ 694,251</u>

1. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3.0% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.
2. For the years ended December 31, 2023 and 2022, employees' compensation and directors' remuneration were accrued as follows. The aforementioned amounts were recognized in salary expenses:

	Year ended December 31	
	2023	2022
Employees' compensation	\$ 72,311	\$ 59,590
Directors' remuneration	3,500	3,150
	<u>\$ 75,811</u>	<u>\$ 62,740</u>

For the year ended December 31, 2023 and 2022, the employees' compensations were estimated and accrued at 18.78% and 20.90%, respectively, of distributable profit for the current period, and the directors' remuneration were estimated and accrued at 0.91% and 1.11%, respectively, of distributable profit of current year as of the end of reporting period.

The employees' compensation and directors' remuneration, for 2023 as resolved by the Board of Directors on February 29, 2024, were in agreement with the amounts recognized in the 2023 financial statements, of which the employees' compensation will be distributed in cash.

The employees' compensation and directors' remuneration, for 2022 as resolved by the Board of Directors on March 7, 2023, were in agreement with the amounts recognized in the 2022 financial statements. The aforementioned employees' compensation was distributed in cash.

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

(28) Income tax

1. Income tax expenses

(a) Components of income tax expense:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax expense recognized for the current period	\$ 73,604	\$ 52,801
Prior year income tax under (over) estimation	<u>21,211</u>	<u>(1)</u>
Total current tax	<u>94,815</u>	<u>52,800</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(7,622)</u>	<u>(14,108)</u>
Total deferred tax	<u>(7,622)</u>	<u>(14,108)</u>
Income tax expense recognized in profit or loss	<u>\$ 87,193</u>	<u>\$ 38,692</u>

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Remeasurement of defined benefit obligations	<u>(\$ 345)</u>	<u>\$ 1,586</u>

2. Reconciliation between income tax expense and accounting profit:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 61,845	\$ 44,463
Effects from items adjusted by tax regulation	15,991	40,699
Effects from non-deductible offshore income tax	13,807	1,570
Tax exempt income by tax regulation	(33)	(17)
Effect from investment tax credits	(25,628)	(48,022)
Prior year income tax under (over) estimation	<u>21,211</u>	<u>(1)</u>
Income tax expenses	<u>\$ 87,193</u>	<u>\$ 38,692</u>

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

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized profit on intercompany sales	\$ 3,498	(\$ 833)	\$ -	\$ 2,665
Unrealized profit on allowance for sales	946	21	-	967
Unrealized exchange losses	2,473	4,396	-	6,869
Unrealized loss on decrease in market value	276	98	-	374
Unused compensated absences	4,535	128	-	4,663
Cost of software bug-fixing	1,184	119	-	1,303
Actuarial gains and losses on pensions	10,674	-	345	11,019
Provisions	<u>7,527</u>	<u>3,693</u>	<u>-</u>	<u>11,220</u>
Subtotal	<u>31,113</u>	<u>7,622</u>	<u>345</u>	<u>39,080</u>
- Deferred tax liabilities:				
Gain on foreign investments accounted for using equity method	<u>(8,451)</u>	<u>-</u>	<u>-</u>	<u>(8,451)</u>
Subtotal	<u>(8,451)</u>	<u>-</u>	<u>-</u>	<u>(8,451)</u>
Total	<u>\$ 22,662</u>	<u>\$ 7,622</u>	<u>\$ 345</u>	<u>\$ 30,629</u>

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31

	Year ended December 31, 2023			
	January 1	Recognized in		
		Recognized in profit or loss	other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized profit on intercompany sales	\$ 4,237	(\$ 739)	\$ -	\$ 3,498
Unrealized profit on allowance for sales	899	47	-	946
Unrealized exchange losses	-	2,473	-	2,473
Unrealized loss on decrease in market value	578	(302)	-	276
Unused compensated absences	4,705	(170)	-	4,535
Cost of software bug-fixing	1,104	80	-	1,184
Actuarial gains and losses on pensions	12,260	-	(1,586)	10,674
Provisions	<u>4,305</u>	<u>3,222</u>	<u>-</u>	<u>7,527</u>
Subtotal	<u>28,088</u>	<u>4,611</u>	<u>(1,586)</u>	<u>31,113</u>
- Deferred tax liabilities:				
Unrealized exchange gains	(9,497)	9,497	-	-
Gain on foreign investments accounted for using equity method	<u>(8,451)</u>	<u>-</u>	<u>-</u>	<u>(8,451)</u>
Subtotal	<u>(17,948)</u>	<u>9,497</u>	<u>-</u>	<u>(8,451)</u>
Total	<u>\$ 10,140</u>	<u>\$ 14,108</u>	<u>(\$ 1,586)</u>	<u>\$ 22,662</u>

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

(29) Earnings per share (EPS)

	<u>Year ended December 31, 2023</u>		
	<u>Amount</u>	<u>Outstanding shares</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>(share in thousands)</u>	<u>share (EPS)</u>
			<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the company	<u>\$ 222,036</u>	<u>78,942</u>	<u>\$ 2.81</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the company	\$ 222,036	78,942	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	282	
Employees' compensation	<u>-</u>	<u>895</u>	
Profit attributable to ordinary shareholders of the company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 222,036</u>	<u>80,119</u>	<u>\$ 2.77</u>

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

(30) Supplemental cash flow information

Investment activities with no cash flow effects:

	Year ended December 31	
	2023	2022
Transfer of property, plant and equipment to investment property	\$ -	\$ 10,256

(31) Changes in liabilities from financing activities

	2023		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 9,535	\$ 11,273	\$ 20,808
Changes in cash flow from financing activities	648	(5,908)	(5,260)
Addition - Newly added lease contracts	-	15,901	15,901
Lease modification	-	(5,946)	(5,946)
At December 31	\$ 10,183	\$ 15,320	\$ 25,503

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

7. Related-Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
CyberLink.Com Corp. (CyberLink-USA)	A subsidiary of the Company
CyberLink International Technology Corp. (CyberLinkk-B.V.I)	"
CyberLink Inc.(CyberLink-Japan)	"
Perfect Mobile Corp. (Taiwan)	Associates of the Company
ClinJeff Corp.	Other related parties

(2) Significant related party transactions and balances

1. Net revenue

	Year ended December 31	
	2023	2022
Merchandise Sales:		
CyberLink-USA	\$ 160,441	\$ 137,496
CyberLink-Japan	127,764	133,833
	<u>\$ 288,205</u>	<u>\$ 271,329</u>

There is no significant difference between the transaction price of merchandise sales with subsidiaries and that with non-related parties; payments are due in 30 days after the delivery of goods for subsidiaries, and advance payments or payments are due in 45~90 days after the delivery of goods for general customers.

2. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Merchandise Sales:		
CyberLink-USA	\$ 11,717	\$ 11,725
CyberLink-Japan	9,730	10,223
	<u>\$ 21,447</u>	<u>\$ 21,948</u>

Accounts receivable -related party is mainly generated by sales transactions, and payments for sales transactions are due in 30 days after the date of sales. There is no pledge or interest for such accounts receivable. There is no allowance for loss accrued for the accounts receivable- related party.

3. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Service revenue:		
CyberLink-USA	\$ 2,685	\$ 2,685
CyberLink-Japan	1,306	1,635
Perfect Mobile Corp. (Taiwan)	327	507
CyberLink-B.V.I	184	184
	<u>4,502</u>	<u>5,011</u>
Rent income:		
Perfect Mobile Corp. (Taiwan)	661	661
Payment on behalf of others		
Perfect Mobile Corp. (Taiwan)	436	627
CyberLink-USA	170	62
CyberLink-Japan	65	15
	<u>671</u>	<u>704</u>
	<u>\$ 5,834</u>	<u>\$ 6,376</u>

The Company provided legal, management and technical related services to its subsidiaries and associates in 2023 and 2022. Expenses were charged in accordance with the personnel costs related to the services that the Company provided. The service revenues for the years ended December 31, 2023 and 2022 are as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Service revenue (shown as other income):		
CyberLink-USA	\$ 5,027	\$ 4,771
CyberLink-Japan	2,952	3,016
Perfect Mobile Corp. (Taiwan)	1,495	2,369
CyberLink-B.V. I	748	725
	<u>\$ 10,222</u>	<u>\$ 10,881</u>

4. Rental income (shown as other income)

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Perfect Mobile Corp. (Taiwan)	<u>\$ 7,574</u>	<u>\$ 7,566</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 3,848
2024	7,557	-
2025	3,848	-
	<u>\$ 11,405</u>	<u>\$ 3,848</u>

5. Lease arrangements - lessee

(a) The Company has leased the office from ClinJeff Corp. since May 2022, and the lease period is from 2022 to 2024 where the present value of cash payments was \$2,762, calculated using the abovementioned lease period and discount rate. As of December 31, 2023, the accumulated depreciation recognized was \$2,301.

(b) Total lease liabilities

(i) Ending balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ClinJeff Corp.	<u>\$ 583</u>	<u>\$ 1,965</u>

(ii) Interest expenses:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
ClinJeff Corp.	<u>\$ 22</u>	<u>\$ 23</u>

6. Acquisition of financial assets

Please refer to note 6(6) 4.

(3) Key management Salary information

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 43,081	\$ 36,686
Post-employment benefits	728	612
	<u>\$ 43,809</u>	<u>\$ 37,298</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

10. Significant Disaster Loss

None.

11. Significant Events after the balance sheet date

Except for those mentioned in Notes 6(27) and 12(2) 3(2), the Company has no other significant subsequent event.

12. Others

(1) Capital management

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

(2) Financial instruments

1. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current)	<u>\$ 189,424</u>	<u>\$ 75,712</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 248</u>	<u>\$ 248</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 273,680	\$ 1,243,753
Financial assets at amortized cost	1,105,560	-
Accounts receivable (including related parties)	62,805	90,417
Other receivables (including related parties)	10,470	9,975
Guarantee deposits paid	<u>6,998</u>	<u>6,491</u>
	<u>\$ 1,459,513</u>	<u>\$ 1,350,636</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 26,226	\$ 36,239
Other payables	272,241	240,802
Guarantee deposits received	<u>10,183</u>	<u>9,535</u>
	<u>\$ 308,650</u>	<u>\$ 286,576</u>
Lease liabilities (including current and non-current)	<u>\$ 15,320</u>	<u>\$ 11,273</u>

2. Risk management policies

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

3. Significant financial risks and degrees of financial risks

- (a) Market risk

Foreign exchange risk

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

(ii) The Company's business involves some non-functional currency operations (the Company's functional currency: NTD). Significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023				Year ended December 31, 2023		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 44,099	30.71	\$1,354,280	1%	\$ 13,543	\$ -
EUR:NTD	306	33.98	10,398	1%	104	-
GBP:NTD	1	39.15	39	1%	-	-
<u>Non-monetary items</u>						
JPY: NTD	1,055,253	0.2172	229,202	1%	-	2,292
USD:NTD	68,486	30.71	2,103,193	1%	420	20,612
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	568	30.71	17,443	1%	174	-
December 31, 2022				Year ended December 31, 2022		
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 40,367	30.71	\$1,239,671	1%	\$ 12,397	\$ -
EUR:NTD	267	32.72	8,736	1%	87	-
GBP:NTD	3	37.09	111	1%	1	-
<u>Non-monetary items</u>						
JPY: NTD	1,030,607	0.2324	239,513	1%	-	2,395
USD:NTD	78,897	30.71	2,422,941	1%	342	23,887
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,184	30.71	36,361	1%	364	-

(iii) The total exchange gains, including realized and unrealized, arising from significant effects of foreign exchange fluctuation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 were amounted to gains of \$4,179 and \$58,007, respectively.

Price risk

- (i) The Company's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- (ii) The Company mainly invests in unlisted stocks, and the value of these equity instruments will be affected by the uncertainties from the future performance of the investment targets. If the prices of these equity instruments rises or falls by 1% while the other conditions remain unchanged, the increase or decrease of the net profit after tax for the years ended December 31, 2023 and 2022 due to equity instruments measured at fair value through profit or loss will increased or decreased by \$336 and \$274, respectively; the other comprehensive income will both increased or decreased by \$2 from the increase or decrease of equity investments classified as measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- (i) The Company's interest-bearing assets are mainly cash and cash equivalents and financial assets at amortized cost. The Company expects no significant cash flow interest rate risk on these assets as their maturity is within 12 months.
 - (ii) The Company did not use any financial instruments to hedge interest rate risk.
 - (iii) There was no borrowing as of December 31, 2023 and 2022, and thus there was no interest rate risk arising from borrowings.
- (b) Credit risk
- (i) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through profit or loss.
 - (ii) The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

- (iii) The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- (iv) The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (A) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (B) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- (v) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (B) The disappearance of an active market for that financial asset because of financial difficulties;
 - (C) Default or delinquency in interest or principal repayments;
 - (D) Adverse changes in national or regional economic conditions that are expected to cause a default.
- (vi) The Company classifies customers' accounts receivable in accordance with geographic area. The Company applies the modified approach using provision matrix to estimate expected credit loss.
- (vii) The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties).
- (viii) The amount of the allowance for accounts receivable provided from applying the simplified approach by the Company is insignificant except for individual customers. The Company takes the customer's past default history and actual financial situation into consideration adjusts the loss rate based on the historical and current information in a specific period, in order to estimate the loss allowance on accounts receivable, the loss rate on December 31, 2023 and 2022 is as follows:

<u>December 31, 2023</u>	<u>Group</u>	<u>Individual</u>	<u>Total</u>
Expected loss rate	0.00%~1.41%	100%	
Total book value	<u>\$ 62,805</u>	<u>\$ 31,153</u>	<u>\$ 93,958</u>

Loss allowance	<u>\$ -</u>	<u>\$ 31,153</u>	<u>\$ 31,153</u>
<u>December 31, 2022</u>	<u>Group</u>	<u>Individual</u>	<u>Total</u>
Expected loss rate	0.00%~1.11%	100%	
Total book value	<u>\$ 90,417</u>	<u>\$ -</u>	<u>\$ 90,417</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Individual: One of the Company's foreign e-commerce payment service provider has filed for reorganization which has been approved by the court in that country on September 25, 2023. In January 2024, the Company received a notification of the customer's claim for creditors. Since the collection of the outstanding accounts receivable could not be reasonably expected as of the year ended December 31, 2023, the entire amount of the outstanding accounts receivable was recognized as expected credit loss. However, the Company is having ongoing negotiation with the customer and pays close attention to the legal progress of the customer's reorganization and would participate in the upcoming reorganization proceeding to fight for the Company's best interests.

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

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ -	\$ -
Provision for impairment	<u>31,153</u>	<u>-</u>
At December 31	<u>\$ 31,153</u>	<u>\$ -</u>

(c) Liquidity risk

- (i) Cash flow forecasting is performed by each operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- (ii) Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, financial assets measured at amortized cost and short-term marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Company held money market position of \$1,509,814 and \$1,263,896, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- (iii) The table below analyses the Company's non-derivative financial liabilities based

on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Between 2 and		
	Within 1 year	5 years	Over 5 years
Accounts payable	\$ 26,226	\$ -	\$ -
Other payables	272,241	-	-
Lease liabilities (Note)	6,016	9,626	-
Other financial liabilities - guarantee deposits received	4,683	2,994	2,506

Non-derivative financial liabilities:

December 31, 2022	Between 2 and		
	Within 1 year	5 years	Over 5 years
Accounts payable	\$ 36,239	\$ -	\$ -
Other payables	240,802	-	-
Lease liabilities (Note)	5,659	5,843	-
Other financial liabilities - guarantee deposits received	3,150	6,385	-

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

(3) Fair value information

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

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

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

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

2. Fair value information of investment property at cost is provided in Note 6(10).
3. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortized cost, other financial assets (under other non-current assets), accounts payable, other payables and other financial liabilities (under other non-current liabilities)) are approximate to their fair

values.

4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 42,000	\$ 42,000
Debt instruments	130,624	-	16,800	147,424
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$130,624</u>	<u>\$ -</u>	<u>\$ 59,048</u>	<u>\$ 189,672</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 34,249	\$ 34,249
Debt instruments	20,193	-	21,270	41,463
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ 20,193</u>	<u>\$ -</u>	<u>\$ 55,767</u>	<u>\$ 75,960</u>

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

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

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

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

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

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

5. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

6. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023		
	Equity securities	Debt instruments	Total
At January 1	\$ 34,497	\$ 21,270	\$ 55,767
Proceeds from capital reduction in the year	(249)	-	(249)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	8,000	(4,470)	3,530
At December 31	<u>\$ 42,248</u>	<u>\$ 16,800</u>	<u>\$ 59,048</u>
	2022		
	Equity securities	Debt instruments	Total
At January 1	\$ 37,929	\$ 24,630	\$ 62,559
Proceeds from capital reduction in the year	(5,945)	-	(5,945)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	2,513	(3,360)	(847)
At December 31	<u>\$ 34,497</u>	<u>\$ 21,270</u>	<u>\$ 55,767</u>

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 42,248	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; The higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	16,800	Net asset value	Not applicable.	Not applicable.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 34,497	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long -term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; The higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	21,270	Net asset value	Not applicable.	Not applicable.

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

	Inputs	Change	Year ended December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	\$ 420	(\$ 420)	\$ 2	(\$ 2)
Debt instruments	Not applicable.	±1%	168	(168)	-	-
Total			<u>\$ 588</u>	<u>(\$ 588)</u>	<u>\$ 2</u>	<u>(\$ 2)</u>

		Year ended December 31, 2022				
		Recognized in profit or loss		Recognized in other comprehensive income		
Inputs		Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	\$ 342	(\$ 342)	\$ 2	(\$ 2)
Debt instruments	Not applicable.	±1%	213	(213)	-	-
Total			\$ 555	(\$ 555)	\$ 2	(\$ 2)

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

1. Basic information: Please refer to table 6.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Reporting

Not applicable.

CyberLink Corp.

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

December 31, 2023

Table 1

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
CyberLink Corp.	Stock of One-Blue, LLC	Director of the investee company	Non-current financial assets at fair value through profit or loss	-	\$ 42,000	16.67%	\$ 42,000	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	8,398,543	130,624	0.65%	130,624	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non-current financial assets at fair value through profit or loss	3,000,000	16,800	1.90%	16,800	
CyberLink Corp.	Geothings Technology Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	100,000	248	2.08%	248	
CyberLink Corp.	SKYMIZER TAIWAN INC.	None	Non-current financial assets at fair value through other comprehensive income	40,000	-	1.40%	-	
CyberLink International Technology Corp.	Preferred stock of Cidana Inc.	None	Non-current financial assets at fair value through other comprehensive income	500,000	-	3.56%	-	
CyberLink International Technology Corp.	Preferred stock of LOFTechnology, Inc.	None	Non-current financial assets at fair value through other comprehensive income	100,000	-	0.57%	-	
CyberLink International Technology Corp.	CCV Fund I LP	None	Non-current financial assets at fair value through profit or loss	-	USD 7,070 (in thousands of dollars)	5.37%	USD 7,070 (in thousands of dollars)	

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

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

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

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

CyberLink Corp.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 2

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the counterparty (Note 2)	Balance as of January 1, 2023		Addition (Note 3 and 5)		Number of shares (units)	Disposal (Note 3)		Gain (loss) on disposal	Balance as of December 31, 2023	
					Number of shares (units)	Amount	Number of shares (units)	Amount		Selling price	Book value		Number of shares (units)	Amount
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	Current financial assets at fair value through profit or loss	-	-	1,313,817	\$ 20,193	10,942,726	\$170,432	(3,858,000)	(\$ 60,001)	(\$ 60,001)	\$ -	8,398,543	\$130,624

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The addition amount in this period includes the unrealized valuation adjustment gain of NTD 432.

CyberLink Corp.

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

For the year ended December 31, 2023

Table 3

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Purchaser/seller	Counterparty	Relationship with the counterparty	The circumstance of the dealings				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of consolidated total notes/accounts receivable (payable)	
CyberLink Corp.	CyberLink Inc.	A subsidiary of the Company	Sales	\$ 127,764	8%	Note	Same with third parties	Note	\$ 9,730	10%	-
CyberLink Corp.	CyberLink.Com Corp.	A subsidiary of the Company	Sales	160,441	10%	Note	Same with third parties	Note	11,717	12%	-

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

CyberLink Corp.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2023

Table 4

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	CyberLink Corp.	CyberLink Inc.	1	Sales revenue	\$ 127,764	Note 4	6.9%
0	CyberLink Corp.	CyberLink Inc.	1	Receivables	11,101	Note 4, 5	0.2%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Sales revenue	160,441	Note 4	8.6%
0	CyberLink Corp.	CyberLink.Com Corp.	1	Receivables	14,572	Note 4, 5	0.3%

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

(a) Parent company is '0.'

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

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

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiary.

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

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

Note 5: Receivables include accounts receivable and other receivables.

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

CyberLink Corp.

Information on investees

For the year ended December 31, 2023

Table 5

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Name of Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment Amount		Shares held as at December 31, 2023			Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized by the Company (Note 2(3))	Footnote
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value			
CyberLink Corp.	CyberLink.Com Corp.	America	Sale of software	\$ 136,327	\$ 136,327	4,000,000	100%	\$ 318,553	\$ 20,979	\$ 20,979	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,373,806	1,373,806	44,000,000	100%	1,742,640	(15,814)	(15,814)	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	229,202	5,055	5,055	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp. (Cayman)	Cayman	Investment activities	1,204,661 (USD 39,227 in thousands of dollars)	1,204,661 (USD 39,227 in thousands of dollars)	36,960,961	36.29%	1,501,661 (USD 48,898 in thousands of dollars)	168,703 (USD 5,416 in thousands of dollars)	-	Investments accounted for using the equity method

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

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

- The columns of 'Investee,' 'Location,' 'Main business activities,' 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- The 'Net income (loss) of the investee' column should fill in amount of net income (loss) of the investee for this period.
- The 'Investment income (loss) recognized by the Company' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

CyberLink Corp.
Information on investments in Mainland China
For the year ended December 31, 2023

Table 6

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

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount of investment remitted or recovered during the period			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2(2)B)	Carrying amount of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan									
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	\$ 75,454 (USD 2,457 in thousands of dollars)	(2)	\$ 32,399 (USD 1,055 in thousands of dollars)	\$ 4,514 (USD 147 in thousands of dollars)	\$ -	\$ 36,913 (USD 1,202 in thousands of dollars)	(\$ 22,933)	31.29%	\$ -	\$ 1,963	\$ -	Note 4, 5	

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Cap on investments in Mainland China imposed by the Investment Commission of MOEA
CyberLink Corp.	\$ 36,913 (USD 1,202 in thousands of dollars)	\$ 73,643 (USD 2,398 in thousands of dollars)	\$2,670,787

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

- (a) Directly invest in a company in mainland China
- (b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (c) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for December 31, 2023' column:

- (a) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (b) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. investment company's CPA.
 - C. Others.

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

Note 4: Through investing in CyberLink International Technology Corp.

Note 5: Perfect (Shanghai) Co., Ltd. is a subsidiary directly reinvested by Perfect Corp. (Cayman), which is the Group's investee company recognized under the equity method.

CyberLink Corp.
Major shareholders information
December 31, 2023

Table 7

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

6.6 Financial distress encountered by the Company and affiliated enterprises in the last year, up until the publication date of annual report

None.

7. Review of Financial Position, Business Performance and Risk Management

7.1. Review and analysis of the financial position

7.1.1. Comparative analysis of the financial position

Unit: NT\$ thousands; %

Item \ Year	2023	2022	Difference		
			Amount	%	Description
Current assets	2,199,897	2,063,676	136,221	6.60	
Long-term investment	1,777,835	2,027,160	(249,325)	(12.30)	
Property, plant and equipment, net	432,977	437,460	(4,483)	(1.02)	
Right-of-use assets	14,824	10,879	3,945	36.26	1
Investment property	1,215,277	1,226,913	(11,636)	(0.95)	
Intangible asset	-	2,250	(2,250)	(100.00)	2
Other assets	86,578	55,903	30,675	54.87	3
Total assets	5,727,388	5,824,241	(96,853)	(1.66)	
Current liabilities	841,540	707,381	134,159	18.97	
Non-current liabilities	434,537	467,118	(32,581)	(6.97)	
Total Liabilities	1,276,077	1,174,499	101,578	8.65	
Capital Stock	789,418	789,418	-	-	
Capital surplus	2,247,436	2,468,920	(221,484)	(8.97)	
Retained earnings	1,600,760	1,561,705	39,055	2.50	
Other equity interest	(186,303)	(170,301)	(16,002)	9.40	
Total equity	4,451,311	4,649,742	(198,431)	(4.27)	

2. Analysis of deviation in financial position (for deviation over above 20%):

1. The increase in right-of-use assets was mainly due to the relocation of the office due to location factors and the lease of a new office at a higher rent.
2. Decrease in intangible assets: This was mainly due to the intangible assets that were amortized and there was no new acquisition.
3. Increase of other assets: This was mainly due to the increase in deferred income tax assets.

7.2. Financial performance

7.2.1. Financial performance

Unit: NTD thousands; %

Item \ Year	2023	2022	Deviation	% of change	Description
Net revenue	1,865,022	1,691,200	173,822	10.28	
Operating costs	269,416	228,877	40,539	17.71	
Gross profit	1,595,606	1,462,323	133,283	9.11	
Operating expenses	1,445,491	1,265,079	180,412	14.26	
Operating income	150,115	197,244	(47,129)	(23.89)	1
Non-operating income and expenses	155,763	23,690	132,073	557.51	2
Income (loss) before income tax	305,878	220,934	84,944	38.45	3
Income tax expenses	83,842	37,309	46,533	124.72	4
Net income (loss) for the year	222,036	183,625	38,411	20.92	5
Other comprehensive income (net of tax)	(17,381)	77,418	(94,799)	(122.45)	6
Total comprehensive income for the period	204,655	261,043	(56,388)	(21.60)	7
Net income (net loss) attributable to owners of the parent company	222,036	183,625	38,411	20.92	5
Total comprehensive income attributable to owners of the parent company	204,655	261,043	(56,388)	(21.60)	7

7.2.2. Explanation of major deviation:

1. Operating profit: This was mainly due to the increase in operating expenses this year and the expected credit loss recognized.
2. Non-operating income and expense: This was mainly due to the significant increase in interest income and share of loss from affiliates and joint ventures under the equity method not recognized in the current period.
3. Profit before tax: This was mainly due to the increase in non-operating income.
4. Income tax expenses: This was mainly due to the higher dividend income issued by subsidiaries this year and the use of more investment tax credits for imputed income tax last year.
5. Net income for the period and net income for the period attributable to the owners of the parent company: This was mainly due to the increase in non-operating income.

6. Other comprehensive income (net of tax): The change from gain to loss was mainly due to the increase in translational differences (loss) on the financial statements of foreign operations for the year.
7. Total comprehensive income for the period and comprehensive income attributable to owners of the parent company: This was mainly due to the increase in exchange differences (losses) on translation of foreign financial statements of foreign operations in the current year.

7.2.3. Explanation of significant changes in income or cost: None.

7.3. Cash flow analysis

7.3.1. Analysis of cash flow variations for the current year

Unit: NT\$ thousands

Cash balance at the beginning of the period	Net cash flow from operating activities for the year	Net cash flow from investing and financing activities for the year	Cash surplus (deficit)	Remedy for cash deficits	
				Investment plans	Financing plans
1,743,889	76,514	(1,378,742)	441,661	Not applicable.	Not applicable.

Analysis of cash flow for the year:

1. Cash inflow from operating activities of approximately NT\$76,514 thousand: This is mainly due to the net cash inflow from operating activities in FY2023 after income tax and dividend payment.
2. Cash outflow from investing activities amounted to NTD 1,367,368 thousand: This was mainly due to the increase in investments in time deposits with an original maturity date of more than three months.
3. The cash outflow from financing activities amounted to approximately NTD 5,260 thousand: This was mainly due to the cash outflow for principal repayment of leases.

7.3.2. Liquidity analysis for the next year:

Unit: Amounts expressed in thousands of New Taiwan Dollars

Cash balance at the beginning of the period	Projected net cash inflow from operating activities for the year	Expected cash inflow for the year	Expected cash surplus (deficit)	Remedy for cash deficits	
				Investment plans	Financing plans
441,661	211,000	196,000	637,661	Not applicable.	Not applicable.

1. Analysis of cash flow variation for the next year:
 - (A) Operating activities: The Company expects the operating revenue and profit to grow steadily.
 - (B) Investing activities: Purchase of equipment for server room and software upgrade to meet business needs.
2. Response measures and liquidity analysis on expected cash flow deficits: Not applicable.

7.4. Material capital expenditures in the last year and impacts on the financial position and business performance:

None.

7.5. Investment policy in the most recent year, causes of profit or loss incurred, improvement plans, and investments planned for the next year

The Company's equity-method investments are made for long-term strategic purposes. In the future, the Company will continue to evaluate its equity-method investments prudently, based on the principle of long-term strategic investments.

7.6. Risk Disclosure

7.7.1. Risk management policy and risk management framework:

1. Risk management policy: All major policies, investment projects, asset acquisitions/disposals, endorsements, guarantees, third-party lending, and bank borrowing that pose business risks to the Company are subject to comprehensive assessment and analysis by responsible departments in accordance with relevant rules of the authority and the Company, and executed with board's resolution. Each department performs its own risk management process and is responsible for conducting preliminary assessments and making reports on risk management activities and outcomes.

2. Risk management organization:

(1) Organizational structure:

Name of organization	Responsibilities
Senior management (Chairman, GM)	Determines risk management goals, the decision-making process, and the feedback model to ensure the effectiveness of risk management practices
CEO Office	Executes risk management goals and decisions Consolidates risk management progress across departments Assists and coordinates departments in the execution of risk management tasks.
Internal Audit	Follows the annual audit plan and conducts objective and independent audits to ensure that the current risk management system continues to be effective.
Risk management representatives of various departments and projects	Executes risk management tasks and processes of various departments Conducts preliminary assessment and makes reports on risk management activities and outcomes
All employees	Adopt risk management practices in line with the Company's policies, and report to the line manager on any possible major risk.

(2) Description of responsibilities

(A) Senior management

The Risk Management Execution Committee is the primary enforcer of risk management practices within the Company. Members of the committee include the Chairman, the GM, and department heads. Responsible for determining risk management goals, the decision-

making process, and the feedback model to ensure the effectiveness of risk management practices.

(B) Chairman Office

Performs secretary duties in relation to risk management. Serves as the main contact for the risk management system, executes risk management goals and decisions, consolidates risk management progress across departments, assists and coordinates departments in the execution of risk management tasks, coordinates with Internal Audit to determine key audit points for the year, and prepares risk management execution reports to ensure that the risk management system remains effective.

(C) Internal Audit

Follows the annual audit plan and conducts objective and independent audits to ensure that the current risk management system continues to be effective.

(D) Risk management representatives of various departments and projects

Department risk management representatives are appointed by the head of department. They help identify, assess, handle, and monitor risks for their respective departments. They are also responsible for conveying relevant messages to department employees and helping the head of department consolidate data and make reports to the Risk Management Execution Committee.

Project risk management representatives are assumed by the respective project controllers. They are responsible for assisting project managers with risk identification, assessment, handling, and monitoring tasks, conveying relevant messages to department members, and gathering data to be reported to the assistant manager of the Project Office.

(E) All employees

Adopt risk management practices in line with the Company's policies, and report to the line manager on any possible major risk.

7.7.2. Analysis of various risks

1. Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures:

The Company has an abundant source of capital and is not in need of financing. For this reason, interest rate changes have a limited impact on the Company. Most of the Company's foreign currency assets and liabilities are denominated in USD. Any significant change in the exchange rate may adversely affect the Company's financial position, which is why the Company pays constant attention to market changes and adjusts the level of foreign currency cash held on hand accordingly. The Company also uses currency forwards to mitigate the effect of exchange rate changes on the Company's profits. Inflation, too, has an immaterial impact on the Company.

2. Policies on high-risk and highly leveraged investments, loans to external parties, endorsements/guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future response measures:

The Company makes conservative use of its capital and does not engage in high-risk or highly leveraged investments. The Company has complete policies and internal procedures in place to govern external party lending, endorsements, guarantees, and derivatives trading. Derivative transactions are undertaken mainly to hedge against exchange rate risks.

3. Future research and development plans and projected expenses:

CyberLink is committed to investing in research and development to continue our leadership position in technology and continue to refine our industry-leading video editing, photo editing, and audio/video playback software to enable creators from all walks of life to express their creativity and share their creative content with ease, with the goal of becoming the strongest support for our users. The Company expects to invest about NT\$700 million in R&D in 2024.

4. Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company sells its products worldwide. Any change or new implementation of tax laws in countries or regions where products are sold may have adverse impacts on the profitability of the Company.

While conducting and expanding businesses around the world, the Company and its subsidiaries pay extra attention to ensure compliance with the tax laws of all countries that it operates. The Company operates mainly in Taiwan and is therefore subject to compliance with the tax laws of The Republic of China. Any adverse change in tax laws or regulations would increase the effective tax rate and have negative impacts.

For proper management of taxation risks, the Company has been paying close attention to any policies and regulations local and abroad that are likely to affect its financial performance, so that business and financial impacts can be determined with greater certainty.

5. Financial impacts and response measures in the event of technological or industrial changes (including cybersecurity risks):

The Company sells its products on a global scale, which is why technological and industrial changes have a significant impact on the Company's financial and business performance. The Company adopts the practice of actively gathering information on technological and industrial changes, and works with leading business partners to secure technological advantage in this industry and to maximize business opportunities.

6. Crisis management, impacts, and response measures in the event of a change in the corporate image:

The Company places great emphasis on the establishment and maintenance of corporate image; not only has it created a dedicated unit for this purpose and engages actively in charity activities, the multimedia software sold by the Company poses no concern of public hazard and should not compromise corporate image in any way. In the last year and up until the publication date of annual report, the Company encountered no occurrence that affected corporate image.

7. Expected benefits, risks and response measures of planned mergers or acquisitions

There is no such plan at the moment.

8. Expected benefits, risks and response measures associated with plant expansion:

The Company has no plant expansion plan.

9. Risks and response measures associated with concentrated sales or purchases:

Due to the characteristics of the Company's industry, its products software downloads and subscriptions and software-as-a-service (SaaS), which are marketed globally without concentration of sales, and the suppliers are highly replaceable. Therefore, the Company is not exposed to risks of purchase or sales.

10. Impacts, risks and response measures following a major transfer of shareholding by directors or shareholders with more than 10% ownership interest.

Directors, major shareholders with more than 10% ownership interest, and management of the Company have been quite stable. There was no significant transfer of shareholding by the management, directors, or shareholders with more than 10% ownership interest and neither do they have any plan to do so. For this reason, the Company considers itself to be free from this risk.

11. Impacts, risks, and response measures associated with a change of management:

Management of the Company has been quite stable. There was no significant transfer of shareholding by the management, directors, or shareholders with more than 10% ownership interest and neither do they have any plan to do so. For this reason, the Company considers itself to be free from this risk.

12. Major litigations, non-contentious cases, or administrative litigations involving the Company or any director, GM, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose a significant impact to shareholders or security prices of the Company. Disclose the nature of the dispute, the amount involved, the date the litigation first started, the key

parties involved, and progress as of the publication date of this annual report:

None.

13. Other key risks and response measures:

None.

7.7. Other material issues

1. Recoverability assessment of accounts receivable - bad debt provisions:
Customers are generally granted a credit term of 30 days after month-end; some customers are granted 45-90 days after month-end. Accounts receivable are evaluated by taking into account all reasonable and verifiable information (including prospective information). Assets that exhibit no significant increase in credit risk after initial recognition will have impairment provisions measured based on 12-month expected credit loss, whereas those that exhibit a significant increase in credit risk after initial recognition will have impairment provisions measured based on expected credit loss over the remaining duration.
The Company generally makes 100% loss provision on balances that are overdue for more than 180 days, unless there is objective evidence to suggest recoverability of the receivable balance, in which case impairment provisions are made based on the possibility of recovery.
2. Likelihood of inventory devaluation - allowance for inventory devaluation:
Closing inventory is stated at the lower of cost or net realizable value. The lower of cost or net realizable value is compared separately across individual inventory categories. Net realizable value refers to the estimated selling price less all additional costs required and variable marketing expenses under normal circumstances. If the net realizable value falls below book value, inventory devaluation is recognized on the difference.
Any software product that is outdated by more than two versions at period-end is outright impaired. End-of-period inventory that has not been sold for more than six months is regarded as obsolete, for which a 100% devaluation loss is provided.
3. Impairment of financial assets:
The Group assesses at each balance sheet date the loss allowance for financial assets measured at amortized cost after considering all reasonable and supportable information (including forecasts). When the credit risk has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss within 12 months after the reporting date. If, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life. For accounts receivable and contract assets that do not include significant financing components, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life.

4. Impairment of non-financial assets:

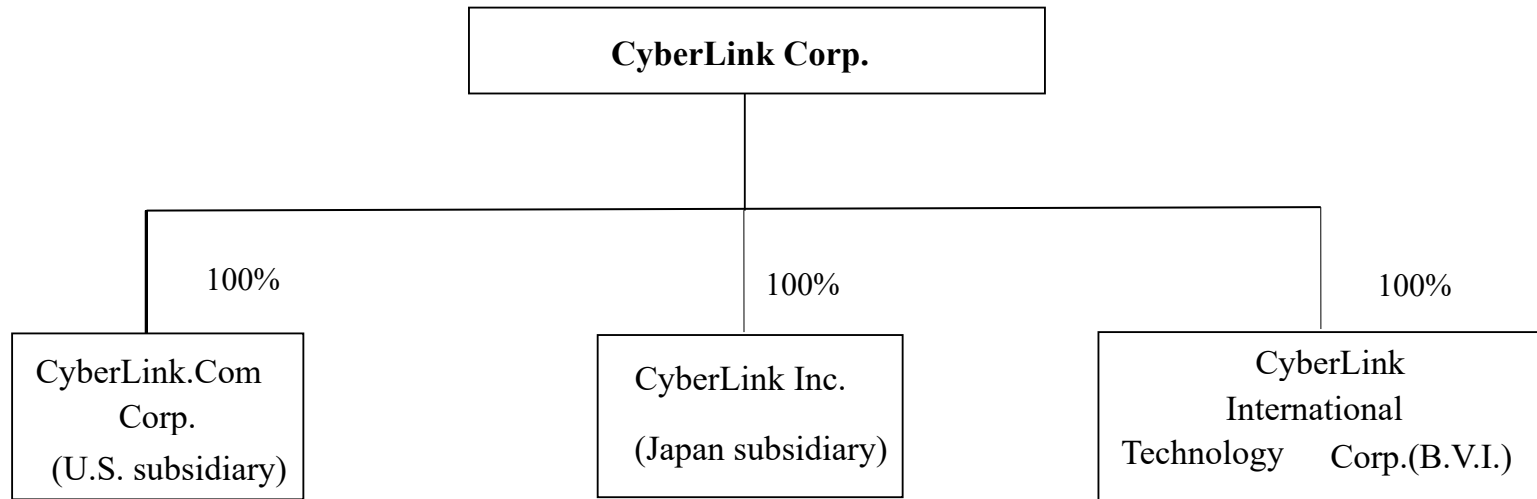
The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount refers to the higher of an asset's fair value net of disposal cost or its utilization value. Impairment losses previously recognized can be reversed if asset impairment no longer exists or has been reduced. However, the reversal of impairment loss shall not increase the asset's book value above the amount of book value after depreciation/amortization if the impairment loss had not occurred in the first place.

8. Special Disclosure

8.1 Summary of affiliated companies

8.1.1. Consolidated business report

(1) Organization chart of affiliated enterprises



(2) The entities shall be concluded as the existence of the controlling and subordinate relation, as defined in Article 369-3 of The Company Act: None.

(3) Subordinate entities with the management of personnel, financial, or business operation directly or indirectly controlled by the Company, as defined in Paragraph 2, Article 369-3 of The Company Act: None.

8.1.2. Profile of affiliated companies

December 31, 2023
Unit: JPY thousands; USD thousands

Name of entity	Date of incorporation (acquisition)	Address	Paid-in capital	Main business activities or products
CyberLink.Com Corp.	1999.1.06	1019 E 4TH PL STE 400 LOS ANGELES, CA 90013-2773, U.S.A.	USD4,000	Sale of software
CyberLink International Technology Corp	2004.4.16	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD44,000	Professional investment
CyberLink Inc.	2005.3.9	Tamachi East Wing 4F., 3-5-39, Shibaura, Minato-ku, Tokyo 108-0023 JAPAN	JPY95,000	Sale of software

8.1.3. Common shareholders in controlling and subordinate relation companies: None.

8.1.4. Businesses activities covered by affiliated companies

The Company and affiliated enterprises are collectively involved in: programming and design, general investment, and general service.

8.1.5. Directors, supervisors, and GM of affiliated companies

December 31, 2023
Unit: shares; %

Name of entity	Position	Name or name of representative	Shareholding	
			Number of shares	Shareholding percentage
CyberLink.Com Corp.	Directors	Jau Huang	4,000,000	100.00%
CyberLink International Technology Corp.	Directors	Jau Huang	44,000,000	100.00%
CyberLink Inc.	Directors	Jau Huang	1,900	100.00%
	Directors	Alice H. Chang	1,900	100.00%
	Directors	Hilda Peng	1,900	100.00%
	Supervisor	Liang-Chu Sun	1,900	100.00%

8.1.6. Operational overview of affiliated enterprises

Financial position and business performance of affiliated enterprises:

December 31, 2023

Unit: USD thousands; JPY thousands

Name	Capital	Total assets	Total Liabilities	Net asset value	Net revenue	Operating income (loss)	Net income (loss)	Earnings per share (EPS)
								(in dollars)
								(after tax)
CyberLink. Com Corp.	USD 4,000	USD 14,859	USD 4,053	USD 10,806	USD 11,872	USD (706)	USD 673	USD 0.17
CyberLink International Technology Corp.	USD 44,000	USD 56,754	USD 9	USD 56,745	-	USD (33)	USD (508)	USD (0.01)
CyberLink Inc.	JPY 95,000	JPY 1,198,410	JPY 143,368	JPY 1,055,042	JPY 1,011,692	JPY (7,362)	JPY 22,760	JPY 11,978.95

8.1.7. Consolidated financial statements of affiliated companies

CyberLink Corp.

Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for the FY2023 (from January 1 to December 31, 2023). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements. Therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

This declaration is solemnly made by

Company name: CyberLink Corp.

Person-in-charge: Huang, Jau-Hsiung

February 29, 2024

8.1.8. Affiliation report: None.

8.2. Private placement of securities in the last year up until the publication date of annual report; disclose the date of shareholders' or board of directors' approval, the basis and rationality for the volume and pricing, the method for choosing the designated subscribers, the reasons for private placement, any project completed with the capital proceeds received, how capital from private securities is used, and the execution progress

None.

8.3. Holding or disposal of the Company's shares by subsidiaries in the last year, up until the publication date of annual report

None.

8.4. Other supplementary information

None.

8.5. Occurrences significant to shareholders' equity or security price, as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the last year up Until the publication date of annual report

None.

CyberLink Corp.

Company seal



Chairman: Jau Huang

