Stock Code: 8487

ELTA Technology Co., Ltd.

Financial Statements and Independent Auditors' Report

2023 and 2022

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Independent Auditors' Report

The Board of Directors and Shareholders
ELTA Technology Co., Ltd.;

Audit Opinions

We have audited the statement of financial position of ELTA Technology Co., Ltd. as of December 31, 2023 and 2022 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the period from January 1 to December 31,2023 and 2022, and the notes to the financial statements (including the summary of significant accounting policies).

In our opinion, the said financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission, and thus presented fairly, in all material aspects, the financial position of ELTA Technology Co., Ltd. as of December 31,2023 and 2022 and the financial performance and cash flows for the period from January 1 to December 31,2023 and 2022.

Basis of audit opinions

We conducted audit pursuant to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the financial statements" section in this report. We were independent of ELTA Technology Co., Ltd. in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters refer to, based on our professional judgment, the most important matters for auditing ELTA Technology Co., Ltd.'s financial statements in 2023. These matters are addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion. We do not provide separate opinions on these matters.

The key audit matters for the financial statements of ELTA Technology Co., Ltd. in 2023 are described as follows:

<u>Assessment of the net realizable value for the program to be broadcast</u>

The program to be broadcast is measured based on the lower of the cost or net realizable value. Because it involves management's significant accounting estimates and the carrying amount is significant to the financial statements, it is listed as a key audit matter.

We performed the control test to understand the assessment method of the net realizable value for the programs to be broadcast and the design and implementation of related control systems

In addition, we also performed the following major audit procedures:

1. Based on our understanding of its business and industry, we confirmed the appropriateness of the method used to determine the net realizable value;
2. We checked the balance of the program to be broadcast at the end of the period to verify whether the calculation of the cost and net realizable value is correct;
3. We assessed the sluggishness of the program to be broadcast and verify whether the amount of impairment loss is calculated correctly;

As for the significant accounting policies and relevant disclosures of information on the program to be broadcast, please refer to Notes IV, V and IX.

Responsibilities of the management and governance unit for the financial statements

The management was responsible for preparation of the financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission, and maintenance of the necessary internal control related to preparation of the financial statements to ensure that the financial statements were free of material misstatement due to fraud or errors.

During preparation of the financial statements, the management was also responsible for evaluating ELTA Technology Co., Ltd.'s ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting, unless the management intended to make ELTA Technology Co., Ltd. enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

The governance unit of ELTA Technology Co., Ltd. (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the financial statements

We audited the financial statements for the purpose of obtaining reasonable assurance about whether the financial statements were free of material misstatements due to fraud or errors and issuing an audit report. Reasonable assurance refers to a high level of assurance; however, we could not guarantee to detect all material misstatements in the financial statements through the audit conducted based on the auditing standards. Misstatements can arise from fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the financial statements, the misstatements were deemed as material.

As part of an audit in accordance with auditing standards, we exercised professional judgment and skepticism throughout the audit. We also performed the following tasks:

1. We identified and evaluated the risk of any misstatements in the financial statements due to fraud or errors, designed and implemented applicable response measures for the evaluated risks, and acquired sufficient and appropriate audit evidence to base our audit opinions. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstances; however, the purpose of such work was not to express opinions towards the effectiveness of ELTA Technology Co., Ltd.'s internal control.
3. We evaluated the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.
4. Based on the obtained audit evidence, we drew a conclusion about the appropriateness of application of the going concern basis of accounting by the management and whether the event or circumstance which might cause major doubts about the ability of ELTA Technology Co., Ltd. to continue as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the financial statements for the users to pay attention to relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where ELTA Technology Co., Ltd. would no longer have its ability as a going concern.
5. We evaluated the overall presentation, structure and contents of the financial statements (including relevant notes), and whether the financial statements presented relevant transactions and events fairly.

The matters for which we communicated with the governance unit include the planned audit scope and time, and major audit findings (including the significant deficiencies of internal control identified during the audit.)

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures), which we considered to be likely to cause an impact on the independence of CPAs, to the governance unit.

We determined the key audit matters to be audited in the 2023 financial statements of ELTA Technology Co., Ltd. based on the matters communicated with the governance unit. Unless public disclosure of certain matters was prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the audit report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the audit report.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Ching Liu and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ELTA TECHNOLOGY CO., LTD.

BALANCE SHEETS
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Current assets				
Cash (Note VI)	$ 282,674	34	$ 215,085	32
Financial assets measured at amortized cost (Note VII)	121,879	15	6,444	1
Accounts receivable (Note VIII)	196,425	24	247,224	37
Other receivables	27,963	3	22,596	3
Programs to be broadcast (Notes V and IX)	72,090	9	70,347	10
Prepayment (Note X)	66,982	8	56,417	8
Other current assets	2,578	-	18,778	3
Total current assets	770,591	93	636,891	94
Non-current assets				
Property, plant and equipment: (Note XI)	10,784	1	9,504	2
Right-of-use assets (Note XII)	39,043	5	22,536	3
Intangible assets	2,825	-	307	-
Deferred income tax assets (Note XVIII)	2,451	-	1,921	-
Prepayment for equipment	56	-	1,350	-
Refundable deposits	6,733	1	7,695	1
Total non-current assets	61,892	7	43,313	6
Total assets	$ 832,483	100	$ 680,204	100
Liabilities and equity				
Current liabilities				
Contract liabilities (Note XVI)	$ 13,332	2	$ 93,965	14
Accounts and notes payable	34,352	4	99,106	15
Other payables (Notes XIII and XXIII)	171,546	21	124,599	18
Current income tax liabilities	28,624	3	11,238	2
Lease liabilities (Note XII)	21,476	3	8,834	1
Other current liabilities	2,474	-	3,130	-
Total current liabilities	271,804	33	340,872	50
Non-current liabilities				
Deferred income tax liabilities (Note XVIII)	-	-	38	-
Lease liabilities (Note XII)	18,854	2	15,091	2
Net defined benefit liabilities (Note XIV)	6,409	1	5,281	1
Total non-current liabilities	25,263	3	20,410	3
Total liabilities	297,067	36	361,282	53
Equity (Note XV)				
Common stock capital	250,350	30	220,350	32
Capital reserve	124,976	15	30,792	5
Retained earnings				
Legal reserve	17,599	2	11,503	2
Undistributed earnings	142,491	17	61,170	9
Total retained earnings	160,090	19	72,673	11
Treasury stock	-	-	(4,893)	(1)
Total equity	535,416	64	318,922	47
Total liabilities and equity	$ 832,483	100	$ 680,204	100

The attached notes are part of the financial statements.

ELTA TECHNOLOGY CO., LTD.

Statement of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Note XVI)	$ 968,411	100	$ 981,131	100
Operating cost (Note XVII)	625,544	64	791,156	81
Gross operating profit	342,867	36	189,975	19
Operating expense (Note XVII)				
Marketing expense	89,399	9	55,506	5
Administrative expense	82,809	9	56,574	6
Expected credit impairment loss	-	-	1,491	-
Total operating expenses	172,208	18	113,571	11
Net operating profit	170,659	18	76,404	8
Non-operating income and expense (Note XVII)				
Interest income	2,915	-	356	-
Other income	4,664	-	7,860	1
Other profit and loss	(4,836)	-	(8,109)	(1)
Financial cost	(1,091)	-	(1,577)	-
Total non-operating income and expense	1,652	-	(1,470)	-
Net profit before tax	172,311	18	74,934	8
Income tax expense (Note XVIII)	(36,148)	(4)	(13,794)	(2)
Net profit for the year	136,163	14	61,140	6

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	2023		2022	
	Amount	%	Amount	%
Other comprehensive income				
Items not reclassified into profit or loss				
Remeasurement of defined benefit plan	($ 1,161)	-	($ 226)	-
Income tax related to items not subject to reclassification	232	-	45	-
Total other comprehensive income (net amount after tax)	(929)	-	(181)	-
Total comprehensive income for the year	$ 135,234	14	$ 60,959	6
Earnings per share (Note XIX)				
Basic	$ 5.98		$ 2.81	
Diluted	$ 5.90		$ 2.79	

The attached notes are part of the financial statements. (Concluded)

ELTA TECHNOLOGY CO., LTD.

Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Common stock capital			Retained earnings			
	Number of shares (thousand shares)	Amount	Capital reserve	Legal reserve	Undistributed earnings	Treasury stock	Total equity
Balance on January 1, 2022	21,000	$ 210,000	$ 30,792	$ 7,651	$ 37,183	($ 4,893)	$ 280,733
Distribution of 2021 earnings							
Legal reserve	-	-	-	3,852	(3,852)	-	-
Cash dividend - NT$1.1 per share	-	-	-	-	(22,770)	-	(22,770)
Stock dividend - NT$0.5 per share	1,035	10,350	-	-	(10,350)	-	-
2022 net profit after tax	-	-	-	-	61,140	-	61,140
Other comprehensive income after tax in 2022	-	-	-	-	(181)	-	(181)
Total comprehensive income in 2022	-	-	-	-	60,959	-	60,959
Balance on December 31, 2022	22,035	220,350	30,792	11,503	61,170	(4,893)	318,922
Distribution of 2022 earnings							
Legal reserve	-	-	-	6,096	(6,096)	-	-
Cash dividend - NT$2.17 per share	-	-	-	-	(47,817)	-	(47,817)
2023 net profit after tax	-	-	-	-	136,163	-	136,163
Other comprehensive income after tax in 2023	-	-	-	-	(929)	-	(929)
Total comprehensive income in 2023	-	-	-	-	135,234	-	135,234
Capital increase in cash	3,000	30,000	90,000	-	-	-	120,000
Share-based payment	-	-	4,184	-	-	-	4,184
Transfer of treasury stock to employees	-	-	-	-	-	4,893	4,893
Balance on December 31, 2023	25,035	$ 250,350	$ 124,976	$ 17,599	$ 142,491	$ -	$ 535,416

The attached notes are part of the financial statements.

ELTA TECHNOLOGY CO., LTD.

Statement of Cash Flows
January 1 to December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flow from operating activities		
Net profit before tax	$ 172,311	$ 74,934
Revenue and expense		
Depreciation expense	26,963	25,906
Amortization expense	465	373
Expected credit impairment loss	-	1,491
Financial cost	1,091	1,577
Interest income	(2,915)	(356)
Share-based payment transaction	4,184	-
Gains from disposal of property, plant and equipment	(3)	(8)
Impairment loss on the program to be broadcast	53	36,924
Foreign exchange loss (gain)	50	(1,924)
Net changes in operating assets and liabilities		
Accounts receivable	50,313	(107,177)
Other receivables	(4,639)	(1,381)
Program to be broadcast	(1,796)	(16,073)
Prepayments	(10,565)	229,797
Other current assets	16,200	(9,036)
Contract liabilities	(80,633)	(93,133)
Accounts and notes payable	(64,658)	(30,208)
Other payables	46,947	368
Other current liabilities	(656)	496
Net defined benefit liability	(33)	(72)
Cash inflow from operations	152,679	112,498
Income tax paid	(19,098)	(7,544)
Net cash inflow from operating activities	133,581	104,954
Cash flow from investing activities		
Increase of financial assets measured at amortized cost	(115,435)	(56)
Purchase of property, plant and equipment	(7,312)	(4,914)
Proceeds from the disposal of property, plant and equipment	3	8
Increase in refundable deposits	-	(1,845)
Decrease in refundable deposits	962	-
Acquisition of intangible assets	(1,633)	(248)

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	2023	2022
Increase in prepayment for equipment	($ 56)	($ 1,030)
Interest received	2,187	356
Net cash outflow from investing activities	(121,284)	(7,729)
Cash flow from financing activities		
Increase in short-term borrowings	60,000	220,000
Decrease in short-term borrowings	(60,000)	(290,000)
Lease principal repayment	(21,033)	(20,825)
Distribution of cash dividends	(47,817)	(22,770)
Capital increase in cash	120,000	-
Transfer of treasury stock to employees	4,893	-
Interest paid	(1,091)	(1,577)
Net cash inflow (outflow) from financing activities	54,952	(115,172)
Effect of exchange rate changes on cash	340	1,898
Cash increase (decrease) for the year	67,589	(16,049)
Balance of cash at the beginning of the year	215,085	231,134
Balance of cash at the end of the year	$ 282,674	$ 215,085

The attached notes are part of the financial statements. (Concluded)

ELTA TECHNOLOGY CO., LTD.

Notes to Financial Statements

January 1 to December 31, 2023 and 2022

(Amount in NTD thousand unless otherwise specified)

I. Company history

The Company was incorporated on March 28, 2000 in accordance with the Company Act and other relevant laws and regulations. The main business is to provide (IPTV) digital multimedia transmission platform (MOD) and over-the-top media service (OTT) platform. The Company is engaged in provision of digital audio and video content, digital audio and video channel operations, and media ads broadcasting services. In addition, the Company's shares were approved by Taipei Exchange on December 10, 2015 to trade on the emerging stock market.

The financial statements are presented in New Taiwan Dollar as the functional currency of the Company.

II. The date when the financial reports were authorized for issue and the process involved in authorizing the financial reports for issue.

The individual financial statements were approved by the Board of Directors on February 27, 2024.

III. Application of new standards, amendments and interpretations

(I) The initial use of the IFRS, IAS, IFRIC, and SIC (hereinafter collectively referred to as "IFRS accounting standards") approved and released by Financial Supervisory Commission (hereinafter referred to as "FSC").

The application of the amended IFRSs endorsed and issued into effect by the FSC does not have a material impact on the accounting policies of the Company:

(II) IFRS accounting standards approved by the FSC and applicable in 2024

Application Of new standards, amendments and interpretations	Effective date announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the aforementioned new/amended/revised standards or interpretations will become effective in annual reporting periods beginning on or after the respective effective date.

Note 2: The seller as a lessee shall be subject to IFRS 16 amendments retroactively in a sale and leaseback transaction agreed after the initial application of the IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the approval and release date of the individual financial statements, the Company has assessed that the amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

(III) IFRS accounting standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

Application Of new standards, amendments and interpretations	Effective date announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the aforementioned new/amended/revised standards or interpretations will become effective in annual reporting periods beginning on or after the respective effective date.

Note 2: This will be applicable to annual reporting periods beginning on or after January 1, 2025. The Company will, when applying the amendments for the first time, recognize the effects as retained earnings of the initial applicable date. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange difference of foreign operations under equity on the date of initial application.

As of the approval and release date of the individual financial statements, the Company assessed the effects of amendments to the aforesaid standards and interpretations on the financial position and performance on a continuous basis. The relevant effects will be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Compliance statement

The individual financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standards endorsed and issued into effect by the FSC.

(II) Basis of preparation

Except for the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the planned assets, the individual financial statements were prepared on the basis of historical cost.

Fair value measurement is classified into Level 1 to Level 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: Inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. presumed from the price), other than the quoted prices included in Level 1.
3. Level 3 inputs: Inputs that are not observable for assets or liabilities.

(III) 11. Criteria for classifying assets and liabilities into current and non-current.

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding those that are restricted for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities expected to be settled within 12 months after the balance sheet date; and
3. Liabilities whose settlement cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

For preparation of the financial statements, the transactions using currencies other than the Company’s functional currency (foreign currency) are stated in functional currency translated at the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period

(V) Program to be broadcast

The program to be broadcast includes the purchased film and the broadcasting right of sports events. The recording in the account book is based on the actual cost. The film broadcasting right is recognized as cost at the time of broadcasting; the sports event broadcasting right is recognized as cost according to the duration of the event. Allowance for devaluation loss of the program to be broadcast at the end of the period is assessed based on the net realizable value.

(VI) Property, plant and equipment

The property, plant, and equipment is recognized on the basis of the cost and subsequently measured based on the cost net of accumulated depreciations.

Each significant part of the property, plant, and equipment is separately depreciated on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(VII) Impairment of property, plant and equipment, right-of-use assets, intangible assets

The Company assesses whether there are any signs indicating that any property, plant and equipment, right-of-use assets, and intangible assets may be impaired on each balance sheet date. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of individual assets or cash-generating units is less than the book value thereof, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and any impairment loss is recognized as profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets or cash-generating units is not recognized in the previous year. The reversal of the impairment loss is recognized in profit or loss.

(VIII) Financial instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company became a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized in profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Type of measurements

The financial assets held by the Company are those measured at fair value through profit and loss and at amortized cost.

Financial assets measured at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

A. They are held under a business model with the purpose of holding financial assets to collect contractual cash flows; and

B. The contractual terms generates cash flows on a specific date that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets (including cash, time deposits measured at amortized cost, accounts receivable, and refundable deposits) measured at amortized cost are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation was recognized in profit or loss.

The interest income is calculated as the effective interest rate times the total book value of financial assets:

(2) Impairment of financial assets

The Company impairment losses on the financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. The Company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on 12-month expected credit losses; when the increase is significant, it is recognized based on lifetime-expected credit losses.

Expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when the following circumstance occurred, without consideration of the collateral held:

A. Any internal or external information indicates that a debtor is impossible to pay off the debts.

B. In case of overdue, unless there is reasonable and corroborative information making it appropriate to postpone the default criteria.

All impairment losses on financial assets are accounted for by reducing the carrying amount through an allowance account.

(3) Derecognition of financial assets

The Company removes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For derecognition of the entire financial assets measured at amortized cost, the difference between the book value and the received consideration is recognized in profit or loss.

2. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized in profit or loss.

3. Equity instrument

The equity instruments issued by the Company are recognized based on the acquired proceeds net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction to equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized in profit or loss.

(IX) Recognition of revenue

The Company allocates the transaction price to each performance obligation after it is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Revenue from digital audio-visual services

When providing TV channels or on-demand videos to users via Internet Protocol Television (IPTV), Over-the-Top Media Service (OTT), and Web TV, the Company recognizes revenue based on the completion level of the contract during the period when the service is provided.

2. Licensing revenue

The sports event broadcast rights acquired by the Company are sub-licensed to customers. The completed media content has a significant individual function and is recognized as revenue when the license is transferred.

3. Advertising revenue

The Company signs advertising contracts with customers and recognizes revenue based on the completion level of the performance obligations.

4. Project revenue

Project income is earned by providing post-production services for multimedia videos and films. When the Company provides labor services, the customer obtains and consumes the performance benefits at the same time. The related income is recognized when the labor service is provided.

5. Merchandise sales revenue

Revenue from merchandise sales is derived from online platform transactions. Revenue from merchandise sales is recognized when the goods are delivered or transported to the customer's designated location.

(X) Lease

The Company assesses whether an agreement is (or contains) a lease on the date of entering into the agreement.

<u>The Company as a lessee</u>

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and from short-term leases is recognized as expenses on the straight-line basis over the lease term, while the right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initially recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to recover underlying assets) and subsequently measured based on the cost net of accumulated depreciation, and then the remeasurement of the lease liabilities is adjusted. The right-of-use assets are separately presented in the balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease period, whichever is sooner.

The lease liabilities are initially measured based on the present value of lease payments (including fixed payments). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term or in the index or rate determining the lease payments cause the changes in the future lease payments, the Company re-measure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the book value of the right-of-use assets is reduced to zero. The lease liabilities are separately presented in the balance sheet.

The Company and the lessor engaged in rent negotiations directly related to the COVID-19 pandemic and adjusted the rent due before June 30, 2022, resulting in a decrease in the rent. These negotiations did not materially change other lease terms. The Company chooses to adopt a practical and expedient approach to all rent negotiations that meet the aforementioned conditions, and does not assess whether the negotiation is a lease modification, but recognizes the reduction of lease payments in profit or loss when a concession event or situation occurs, and makes a corresponding reduction of the lease liabilities

(XI) Government subsidies

Government subsidies shall only be recognized when it is reasonable to ensure that the Company will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

Government subsidies are recognized in profit or loss on a systematic basis over the period in which the related costs for which the government intends to compensate are recognized as expenses by the Company.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Company and there is no future cost. Such subsidies are recognized in profit or loss during the period when they can be received.

(XII) Employee benefits

1. Short-term employee benefits

   Liabilities related to employee benefits are measured at the non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

   Every pension fund contributed under the defined pension appropriation plan is recognized in expenses during the period when the employees provide services.

   Defined retirement benefit costs (including service costs, net interest, and remeasurement) under the defined benefit retirement plan are calculated actuarially using the projected unit credit method. Service costs (including current service costs) and net interest on net defined benefit liabilities are recognized in employee benefit expenses when they are incurred. Remeasurement (including actuarial profits or losses, changes in the effect of asset limits, and return on plan assets net of interest) is recognized in other comprehensive income and presented in other equities when it occurred. It is not reclassified as profit or loss in the subsequent periods.

   Net defined benefit liabilities represent the contribution deficit of the defined benefit retirement plan.

(XIII) Share-based payment agreements

Employee stock options are expenses recognized on a straight-line basis during the vesting period based on the fair value of the equity instruments on the grant date and the best estimated number expected to be vested, and the capital reserve - employee stock options is adjusted at the same time. If it is immediately vested on the grant date, the employee stock options are recognized as expenses in full amount on the grant date. When treasury stocks are transferred to employees, and the date on which the number of shares subscribed by employees is confirmed is the grant date.

The Company revises the estimated number of expected vested employee stock options on each balance sheet date. If the initial estimate is revised, the effect is recognized in profit or loss so that the accumulated expenses reflect the revised estimate, with a corresponding adjustment to capital reserves - employee stock options.

(XIV) Income tax

Income tax expenses represent the sum of current income and deferred income taxes.

1. Income tax expense

The Company determines the current revenue in accordance with the laws and regulations of the jurisdiction for filing income taxes and, with this as a basis, calculates the income tax payable.

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

The deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when any taxable income is likely to be available to offset income tax arising from the deductible temporary differences or offset losses.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Deferred income tax assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date, and it is probable that future taxable income will allow all or part of the assets to be recovered, the carrying amount is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that the Company excepts to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss. However, the current and deferred income taxes related to the item recognized in other comprehensive income are recognized in other comprehensive income.

V. Critical accounting judgments, estimates and key sources of assumption uncertainty

For adoption of the accounting policies, the management of the Company must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from estimates.

When developing significant accounting estimates, the Company incorporates potential influence into the significant estimates such as cash flows, growth, discount rates and profitability. Management will continue to review these estimates and assumptions.

Estimates and key sources of assumption uncertainty

Assessment of the net realizable value for the program to be broadcast

The program to be broadcast is measured based on the lower of the cost or net realizable value. Therefore, the Company must use estimates to determine the net realizable value of the program to be broadcast on the balance sheet date. The Company assesses the program to be broadcast as obsolete on the balance sheet date and writes down the book value of the program to be broadcast to the net realizable value. Changes in market conditions may materially affect the estimated results.

VI. Cash

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 395	$ 321
Checks and demand deposits	282,279	214,764
	$ 282,674	$ 215,085

VII. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Time deposit with an initial maturity date over 3 months	$ 121,879	$ 6,444

As of December 31, 2023 and 2022, the interest rate range of the time deposit with an initial maturity date over 3 months was 1.30% to 5.20% and 0.77% to 1.44%, respectively, calculated at annual interest rate.

VIII. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 197,916	$ 248,715
Less: Loss allowance	(1,491)	(1,491)
	$ 196,425	$ 247,224

The Company adopts the simplified approach of IFRS 9 to recognize the loss allowance for accounts receivable at an amount equal to lifetime-expected credit losses. The historical default record and current financial position of the customers as well as the industrial and economic situations are taken into account during the lifetime. The Company classifies customers into different risk groups and recognizes loss allowance based on the expected credit loss rate of each group.

The aging analysis of accounts receivable based on the number of overdue days is as follows:

December 31, 2023

	Not overdue	Overdue 1 to 180 days	Overdue more than 181 days	Total
Gross carrying amount	$ 194,316	$ 2,109	$ 1,491	$ 197,916
Allowance for loss (lifetime-expected credit loss)	-	-	(1,491)	(1,491)
Amortized cost	$ 194,316	$ 2,109	$ -	$ 196,425

December 31, 2022

	Not overdue	Overdue 1 to 180 days	Overdue more than 181 days	Total
Gross carrying amount	$ 247,192	$ 1,523	$ -	$ 248,715
Allowance for loss (lifetime-expected credit loss)	-	(1,491)	-	(1,491)
Amortized cost	$ 247,192	$ 32	$ -	$ 247,224

Information on changes in the allowance for loss on accounts receivable is as follows:

	2023	2022
Opening balance	$ 1,491	$ -
Plus: Provision for the current year	-	1,491
Closing balance	$ 1,491	$ 1,491

IX. Program to be broadcast

	December 31, 2023	December 31, 2022
Video to be played	$ 72,090	$ 70,347

The operating costs for 2023 and 2022, including the impairment loss of the programs to be broadcast, were NT$ 53 thousand and NT$36,924 thousand, respectively.

X. Prepayments

	December 31, 2023	December 31, 2022
Prepaid royalties	$ 64,916	$ 54,122
Others	2,066	2,295
	$ 66,982	$ 56,417

XI. Property, plant and equipment

	Machinery and equipment	Office equipment	Transportation equipment	Lease improvement	Total
Cost					
Balance on January 1, 2022	$ 63,732	$ 30,196	$ 4,495	$ 10,008	$ 108,431
Addition	2,459	2,086	-	369	4,914
Disposition	(12,843)	(1,242)	-	-	(14,085)
Balance on December 31, 2022	$ 53,348	$ 31,040	$ 4,495	$ 10,377	$ 99,260
Accumulated depreciation					
Balance on January 1, 2022	$ 62,593	$ 24,510	$ 1,768	$ 9,713	$ 98,584
Depreciation expense	1,135	3,100	682	340	5,257
Disposition	(12,843)	(1,242)	-	-	(14,085)
Balance on December 31, 2022	$ 50,885	$ 26,368	$ 2,450	$ 10,053	$ 89,756
Net as of December 31, 2022	$ 2,463	$ 4,672	$ 2,045	$ 324	$ 9,504
Cost					
Balance on January 1, 2023	$ 53,348	$ 31,040	$ 4,495	$ 10,377	$ 99,260
Addition	5,021	2,026	-	265	7,312
Disposition	(482)	(456)	-	-	(938)
Balance on December 31, 2023	$ 57,887	$ 32,610	$ 4,495	$ 10,642	$ 105,634
Accumulated depreciation					
Balance on January 1, 2023	$ 50,885	$ 26,368	$ 2,450	$ 10,053	$ 89,756
Depreciation expense	1,983	3,186	682	181	6,032
Disposition	(482)	(456)	-	-	(938)
Balance on December 31, 2023	$ 52,386	$ 29,098	$ 3,132	$ 10,234	$ 94,850
Net as of December 31, 2023	$ 5,501	$ 3,512	$ 1,363	$ 408	$ 10,784

Depreciation expenses were calculated on the straight-line basis over the following useful lives

Machinery and equipment	3 to 7 years
Office equipment	3 to 5 years
Transportation equipment	3 to 5 years

Lease improvement	3 to 5 years

XII. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		
Building	$ 18,330	$ 22,536
Machinery and equipment	20,713	-
	$ 39,043	$ 22,536

	2023	2022
Addition of right-of-use assets	$ 37,438	$ -
Depreciation expense of right-of-use assets		
Building	$ 10,575	$ 10,531
Machinery and equipment	10,356	10,118
	$ 20,931	$ 20,649

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ 21,476	$ 8,834
Non-current	$ 18,854	$ 15,091

Range of discount rate for lease liabilities:

	December 31, 2023	December 31, 2022
Building	1.85% to 2.09%	1.65% to 1.85%
Machinery and equipment	2.09%	-

(III) Important lease-in activities and terms

The underlying assets leased by the Company are buildings, machinery and equipment. The lease period is 3 to 6 years. At the end of the lease period, the Company has no preferential right to acquire the underlying assets leased. In addition, that the leased assets shall not be used as collateral for loans, it is agreed that the Company shall not sublease or transfer all or part of the lease subject.

(IV) Other lease information

	2023	2022
Short-term lease expense	$ 1,871	$ 309
Total cash (outflow) for leases	($ 23,900)	($ 21,742)

XIII. Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	$ 70,295	$ 38,938
Collections payable	49,852	53,663
Remuneration payable to employees, directors and supervisors	25,676	6,517
Business taxes payable	6,305	9,733
Others	19,418	15,748
	$ 171,546	$ 124,599

XIV. Retirement benefit plan

(I) Defined contribution plan

The pension scheme specified in the "Labor Pension Act" that the Company is subjected to is a defined pension appropriation plan managed by the government. A pension equal to 6% of an employee's monthly salary shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance

(II) Defined benefit plan

The pension system adopted by the Company in accordance with the "Labor Standards Act" is a defined benefit pension plan managed by the government. The payment of employee pension is based on the years of service and the average salary of the six months before the approved retirement date. The Company appropriates 2% of employees' monthly salaries as pension funds, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the Committee into a dedicated account at the Bank of Taiwan. Before the end of the year, if the balance in the dedicated account is estimated to be insufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be made up in one lump sum by the end of March of the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and the Company does not have the right to influence the investment management strategies.

The amount of the defined benefit plan incorporated in the balance sheet is as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 13,694	$ 12,263
Fair value of plan assets	(7,285)	(6,982)
Net defined benefit liability	$ 6,409	$ 5,281

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2022	$ 11,437	($ 6,310)	$ 5,127
Service cost			
Current service cost	32	-	32
Interest expense (revenue)	86	(47)	39
Recognized in profit or loss	118	(47)	71
Remeasurement			
Return on plan assets (except for the amount included in net interest)	-	(482)	(482)
Actuarial loss - empirical adjustment	708	-	708
Recognized in other comprehensive income	708	(482)	226
Contributions from the employer	-	(143)	(143)
December 31, 2022	12,263	(6,982)	5,281
Service cost			
Current service cost	43	-	43
Interest expense (revenue)	184	(106)	78
Recognized in profit or loss	227	(106)	121
Remeasurement			
Return on plan assets (except for the amount included in net interest)	$ -	($ 43)	($ 43)
Actuarial loss - empirical adjustment	1,204	-	1,204
Recognized in other comprehensive income	1,204	(43)	1,161
Contributions from the employer	-	(154)	(154)
December 31, 2023	$ 13,694	($ 7,285)	$ 6,409

Due to the pension scheme under the "Labor Standards Act", the Company is exposed to the following risks:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor has separately invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company's plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds will lead to an increase in the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.

3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation would be increased by an increase in the plan participants' salary.

The present value of the Company's defined benefit obligation is calculated actuarially by a qualified actuary. Major assumptions on the date of measurement are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.500%
Expected salary increase rate	3.250%	3.000%

If there are any reasonably possible changes to separate major actuarial assumptions, and provided that all the other assumptions remain the same, the increase (decrease) resulting therefrom in the present value of the defined benefit obligation is as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 383)	($ 345)
Decrease by 0.25%	$ 399	$ 360
Expected salary increase rate		
Increase by 0.25%	$ 386	$ 348
Decrease by 0.25%	($ 372)	($ 336)

Since the actuarial assumptions might be correlated to each other and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
Expected amount to be contributed within one year	$ 155	$ 147
Average period to maturity of defined benefit obligation	12.5 years	12.5 years

XV. Equity

(I) Common stock capital

	December 31, 2023	December 31, 2022
Authorized number of shares (thousand shares)	36,000	36,000
Authorized capital	$ 360,000	$ 360,000
Shares issued and fully paid (thousand shares)	25,035	22,035
Capital stock issued	$ 250,350	$ 220,350

On May 11, 2022, the Company's shareholders' meeting resolved to distribute a dividend of NT$10,350 thousand from the 2021 earnings to increase capital by issuing new shares A total of 1,035 thousand new shares were issued. The base date for the capital increase is June 29, 2011.

In addition, on July 31, 2023, the Board of Directors resolved to increase capital in cash by issuing 3,000 thousand new shares at a face value of NT$10. The shares were issued at a premium of NT$40 per share The capital increase base date was August 11, 2023.

(II) Capital reserve

	December 31, 2023	December 31, 2022
For covering loss carried forward, cash payment, or capitalization as dividends (Note)		
Stock issuance premium	$ 122,288	$ 30,231
Treasury stock trading	2,127	-
Expired stock options	561	561
	$ 124,976	$ 30,792

Note: This type of capital reserve may be used for covering losses carried forward, and for cash payment or capitalization into new shares if there is no loss carried forward. However, the appropriation for capitalization into new shares shall be limited to a certain ratio of the paid-in capital in the year concerned.

(III) Retained earnings and dividend policy

According to the earnings distribution policy stated in the Company's Articles of Incorporation, if the Company has a profit from the settlement of a year, it shall pay tax as required by laws and compensate the accumulated losses, before setting aside 10% as a legal reserve; provided that the legal reserve has reached the amount of the Company's paid-in capital, such provision may be waived. The remaining balances shall provide or reverse the special reserve as required by laws and regulations. For any balance remained, together with the accumulated undistributed earnings, the board of directors shall prepare a proposal for distribution of the earnings; if distribution is made in the form of new share issuance, the distribution shall be resolved at the shareholders' meeting. The Company's distribution of dividends and bonuses, or the legal reserve and capital reserve in whole or in part, if made in cash, the board of directors is authorized to approve such through a special resolution, and report such to the shareholders' meeting. For the policy on the remuneration to employees, directors and supervisors as specified in the Company's Articles of Incorporation, please refer to Note XVII (VII) about remuneration to employees, directors and supervisors.

The Company adopts the residual dividend policy that takes the needs for the Company's operating scale into account, complemented with the overall environment and the characteristics of the industry, to achieve the goal of sustainable operation and pursue the long-term interest of shareholders. 20% or more of the earnings shall be appropriated for the distribution of shareholders' dividends; provided that the cash dividend paid in each year shall not be less than 10% of the total dividends paid in the year.

The legal reserve should be appropriated until its balance reaches the Company's total paid-in capital. Legal reserves may be used to offset losses. If there is no loss carried forward for the Company, the amount of legal reserve in excess of 25% of the paid-in capital could be capitalized into new shares and pay out as cash dividend.

The earnings distribution proposal of the Company for 2022 and 2021 are as follows:

	Distribution of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal reserve	$ 6,096	$ 3,852		
Cash dividends	$ 47,817	$ 22,770	$ 2.17	$ 1.10
Stock dividends	$ -	$ 10,350	$ -	$ 0.50

The above cash dividends were distributed following the resolutions made in board of directors' meetings dated April 27, 2023 and March 25, 2022, respectively; the distribution of remaining earnings was resolved at the annual general meeting held on June 7, 2023 and June 7, 2022, respectively.

(IV) Treasury stock

	Transfer of shares to employees (thousand shares)
Number of shares on January 1 and December 31, 2022	300
Number of shares on January 1, 2023	300
Decrease for the current year	(300)
Number of shares on December 31, 2023	-

The treasury stock held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights.

XVI. Revenue

(I) Revenue from contracts with customers

	2023	2022
Revenue from digital content	$ 883,275	$ 865,476
Advertising revenue	66,679	93,772
Project revenue	16,733	19,913
Merchandise sales revenue	1,724	1,970
	$ 968,411	$ 981,131

(II) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$ 196,425	$ 247,224	$ 141,538
Contract liabilities			
Revenue from digital content	$ 13,332	$ 93,791	$ 186,591
Project revenue	-	174	507
	$ 13,332	$ 93,965	$ 187,098
Current	$ 13,332	$ 93,965	$ 187,098

The variation of the contract liabilities is the result of the difference in the time point when the Company fulfills the obligations and the customer make the payment. Other significant changes are as follows:

The contract liabilities from the beginning of the year and recognized as a revenue for the current period at the following amount:

	2023	2022
Contract liabilities		
Revenue from digital audio-video services and licensing	$ 93,292	$ 186,553
Others	167	400
	$ 93,459	$ 186,953

XVII. Net profit before tax

(I) Interest income

	2023	2022
Bank deposits	$ 2,851	$ 319
Others	64	37
	$ 2,915	$ 356

(II) Other income

	2023	2022
Government subsidies	$ 2,293	$ 6,692
Others	2,371	1,168
	$ 4,664	$ 7,860

Government subsidies include the subsidies due to the impact of COVID-19 and the science project grants from the government.

(III) Other profit and loss

	2023	2022
Gains from disposal of property, plant and equipment	$ 3	$ 8
Net foreign exchange loss	(4,836)	(8,044)
Others	(3)	(73)
	($ 4,836)	($ 8,109)

(IV) Financial cost

	2023	2022
Interest on bank borrowings	$ 95	$ 969
Interest on lease liabilities	996	608
	$ 1,091	$ 1,577

(V) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 6,032	$ 5,257
Right-of-use assets	20,931	20,649
Intangible assets	465	373
	$ 27,428	$ 26,279
Depreciation expense by function		
Operating cost	$ 18,687	$ 17,637
Operating expense	8,276	8,269
	$ 26,963	$ 25,906
Amortization expense by function		
Operating cost	$ 215	$ 151
Marketing expense	188	168
Administrative expense	62	54
	$ 465	$ 373

(VI) Employee benefit expense

	2023	2022
Short-term employee benefits		
Salary expense	$ 215,213	$ 143,264
Employee insurance premium	11,235	9,883
Other personnel expenses	3,597	2,587
Share-based payment		
Equity settled	4,184	-
Retirement benefits		
Defined contribution plan	5,035	4,524
Defined benefit plan	121	71
	$ 239,385	$ 160,329
Summary by function		
Operating cost	$ 109,377	$ 79,609
Operating expense	130,008	80,720
	$ 239,385	$ 160,329

(VII) Remuneration to employees, directors and supervisors

If the Company makes a profit, 5% to 10% and no more than 3% of the profit shall be appropriated as remuneration to employees, directors and supervisors. However, if the Company has an accumulated loss, the Company shall reserve an amount to make up for it, and then provide remuneration to employees, directors and supervisors in accordance with the aforementioned percentages. The 2023 and 2022 remuneration to employees and directors were resolved by the board of directors on February 27, 2024 and April 27, 2023, respectively, as follows:

Estimated percentage

	2023	2022
Remuneration to employees	10%	10%
Remuneration to directors and supervisors (Note)	3%	3%

Note: The Company established the Audit Committee in May 2022 according to law to replace supervisors.

Amount

	2023	2022
Remuneration to employees	$ 19,751	$ 4,073
Remuneration to directors and supervisors	5,925	2,444

If there is any change in the amount after the approval and release date of annual individual financial statements, the change is treated as a change in accounting estimates and accounted in the following year.

For the information about remuneration to the employees, directors and supervisors resolved by the board of directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

XVIII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	2023	2022
Income tax expense		
Incurred in the current year	$ 34,771	$ 13,691
Imposing on undistributed earnings	352	77
Adjustments from previous years	1,361	(994)
Deferred income tax		
Incurred in the current year	(336)	1,020
Income tax expense recognized in profit or loss	$ 36,148	$ 13,794

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Net profit before tax	$ 172,311	$ 74,934
Income tax on net profit before tax calculated at the statutory tax rate (20%)	$ 34,463	$ 14,987
Tax-exempted income	(28)	(276)
Imposing on undistributed earnings	352	77
Adjustments from previous years	1,361	(994)
Income tax expense recognized in profit or loss	$ 36,148	$ 13,794

(II) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Payables for leave	$ 865	$ 130	$ -	$ 995
Defined benefit retirement plan	1,056	(6)	232	1,282
Unrealized exchange loss	-	174	-	174
	$ 1,921	$ 298	$ 232	$ 2,451
Deferred income tax liabilities				
Unrealized exchange gain	$ 38	($ 38)	$ -	$ -

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Payables for leave	$ 778	$ 87	$ -	$ 865
Defined benefit retirement plan	1,026	(15)	45	1,056
Unrealized exchange loss	1,054	1,054	-	-
	$ 2,858	($ 982)	$ 45	$ 1,921
Deferred income tax liabilities				
Unrealized exchange gain	$ -	$ 38	$ -	$ 38

(III) Authorization of income tax

The Company's filings up to 2021 have been approved by the tax authority.

XIX. Earnings per share

	2023	2022
Basic earnings per share	$ 5.98	$ 2.81
Diluted earnings per share	$ 5.90	$ 2.79

The net profit and the weighted average number of common stocks used for calculating earnings per share are as follows:

Net profit for the year

	2023	2022
Net profit used to calculate basic/diluted earnings per share	$ 136,163	$ 61,140

Number of shares

Unit: thousand shares

	2023	2022
The weighted average number of common stocks used for calculating basic earnings per share are as follows:	22,776	21,735
Effect of dilutive potential common stocks:		
Remuneration to employees	317	215
The weighted average number of common stocks used for calculating diluted earnings per share are as follows:	23,093	21,950

When the Company can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability to calculate the diluted EPS. The dilutive effect of the potential common stocks will continue to be taken into account when calculating diluted earnings per share for next year's decision of share-based employee remuneration.

XX. Share-based payment agreements

(I) Employee stock option plan - transfer of treasury stocks

On April 27, 2023, the board of directors resolved to transfer 300 thousand shares of treasury stocks to the employees. The transfer was made to the employees under the establishment of the Company.

Employee stock options are valued using the Black-Scholes model. The inputs for the valuation model are as follows:

	May 2023
Stock price on the grant date	NT$23.39
Exercise price	NT$16.31
Expected volatility	54.65%
Expected duration	0.0329 year
Expected dividend yield	-
Risk-free interest rate	1.0188%

Compensation cost recognized for transfer of treasury stocks to employees in 2023 was NT$2,127 thousand.

(II) Employee stock option plan - capital increase in cash

On August 11, 2023, the board of directors resolved to make a capital increase in cash and reserve a certain percentage of the issued shares for subscription among employees in accordance with the Company Act.

Employee stock options are valued using the Black-Scholes model. The inputs for the valuation model are as follows:

	August 2023
Stock price on the grant date	NT$43.86
Exercise price	NT$40
Expected volatility	42.82%
Expected duration	0.0833 year
Expected dividend yield	-
Risk-free interest rate	0.9605%

Compensation cost recognized for exercise of employee stock options due to capital increase in cash in 2023 was NT$2,057 thousand.

XXI. Capital risk management

The Company conducts capital management to ensure continuous operation of the Company while maximizing shareholders' return by optimizing the liability and equity balances through capital increase in cash and other financing methods adopted for management of the capital.

The Company's capital structure consists of equity (i.e. capital stock, capital reserve, and retained earnings).

The Company is not subject to other external capital requirements.

XXII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

In the Company's management's opinion, the book values of financial assets and liabilities that are not measured at fair value are approximately equal to their fair values or their fair values cannot be measured reliably.

(II) Type of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at amortized cost (Note 1)	$ 635,674	$ 499,044
Financial liabilities		
Financial liabilities measured at amortized cost (Note 2)	103,622	168,517

Note 1: The balance includes financial assets measured at amortized cost, such as cash, accounts receivable, other receivables and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as accounts and notes payable and other payables.

(III) Financial risk management objectives and policies

The Company's main financial instruments include cash, accounts receivable, other receivables, refundable deposits, accounts and notes payable and other payables. The financial management department of the Company provides services to all business units, and supervises and manages related financial risks of the operations of the Company through the internal risk report on risk exposure by intensity and scope. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risk for the Company's operating activities is the risk of changes in foreign currency exchange rate.

(1) Exchange rate risk

The Company is engaged in purchase transactions denominated in foreign currencies, which expose the Company to the risk of exchange rate fluctuation.

The Company manages its foreign exchange positions by opening foreign currency deposit accounts and repaying foreign currency liabilities arising from purchases in foreign currency generated by the timely trading of foreign currency deposits, in order to reduce the impact of exchange rate changes on profit and loss and achieve the effect of natural hedging.

Please refer to Note XXV for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

The Company is mainly affected by fluctuations of the US dollar exchange rate.

The sensitivity analysis includes only outstanding monetary items in foreign currencies, and the translation at the end of the period is adjusted based on a 5% change in exchange rate. The sensitivity analysis of the exchange rate risk is mainly calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. When NTD depreciated by 5% against the respective currency, the Company's net profit before tax for 2023 and 2022 would increase by NT$1,996 thousand and NT$609 thousand, respectively.

(2) Interest rate risk

The book value of the financial assets exposed to the interest rate risk on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
- Financial assets	$ 119,085	$ 6,444
- Financial liabilities	40,330	23,925
With cash flow interest rate risk		
- Financial assets	283,490	213,274

Sensitivity analysis

The following sensitivity analysis is based on the exposure of the non-derivative instruments to interest rate risk on the balance sheet date. For liabilities subject to floating interest rate, the analysis method is based on the assumption that the amount of the liabilities outstanding on the balance sheet date remains outstanding throughout the reporting period. In addition, based on the assessment of the reasonably possible change in interest rate, if the rate increased by 50 basis points, with all other variables held constant, the Company's net profit before tax for 2023 and 2022 would increase by NT$1,417 thousand and NT$1,066 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. As of the balance sheet date, the Company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Company provided was mainly derived from the book value of the financial assets recognized in the individual balance sheet.

The policy adopted by the Company is mainly to conduct transactions with counterparties with excellent reputation, so there is no significant credit risk expected.

The Company's credit risk is mainly concentrated on largest customer. As of December 31, 2023 and 2022, the percentage of total accounts receivable from the aforementioned customer was 35% and 31%, respectively.

3. Liquidity risk

The Company manages and maintains sufficient cash to fund the operations and thus mitigates the impact of cash flow fluctuations. The Company's working capital is sufficient to meet the requirement, so there is no concern about shortage of funds. Even if there is a need for funds, it is only a short-term requirement in nature, and the comprehensive financing line of the banks can be used. Hence, the liquidity risk is not significant.

The following maturity analysis of non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2023

	Less than 1 year	1 to 5 years
Non-derivative financial liabilities		
Lease liabilities	$ 22,051	$ 19,010
Accounts and notes payable	34,352	-
Other payables	171,546	-
	$ 227,949	$ 19,010

December 31, 2022

	Less than 1 year	1 to 5 years
Non-derivative financial liabilities		
Lease liabilities	$ 9,188	$ 15,313
Accounts and notes payable	99,106	-
Other payables	124,599	-
	$ 232,893	$ 15,313

XXIII. Related party transactions

(I) Name of related party and relationship

Name of related party	Relationship with the Company
Yi-Chun Chen	Key management person
Hui-Chu Lin	Key management person
TAIWAN FASHION TECHNOLOGY CO., LTD.	Substantive related party

(II) Other payables

De facto related party	December 31, 2023	December 31, 2022
Substantive related party	$ -	$ 11

(III) Labor service expense

De facto related party	2023	2022
Substantive related party	$ -	$ 120

(IV) Remuneration of key management personnel

	2023	2022
Short-term employee benefits	$ 32,096	$ 22,398
Retirement benefits	682	498
Share-based payment	916	-
	$ 33,694	$ 22,896

The remuneration to directors and other management personnel is determined by the Remuneration Committee based on individual performance and market trends.

(V) Endorsements/guarantees

Acquisition of endorsements/guarantees

Type/name of related party	December 31, 2023	December 31, 2022
Key management personnel/ Yi-Chun Chen, Hui-Chu Lin		
Guaranteed amount	$ -	$ 150,000
Actual amount drawn down	$ -	$ -
Key management personnel/ Yi-Chun Chen		
Guaranteed amount	$ 380,000	$ 300,000
Actual amount drawn down	$ -	$ -

XXIV. Material contingent liabilities and unrecognized contractual commitments.

In 2014, the Company obtained the authorization for the 2014 World Cup broadcast from FIFA, and a sub-licensing agreement was entered into with ERA COMMUNICATIONS CO., LTD. (hereinafter referred to as Era Group). Era Group breached the agreement by providing the signal to kbro and other cable TV system operators for broadcasting on their digital channels. Though the Company requested for improvement by letter from a lawyer, Era Group ignored it and put off the improvement repeatedly and, with the excuse of signal interruption, applied to Taipei District Court for a provisional injunction to maintain a temporary status quo and requested the Company not to interrupt the 2014 World Cup broadcast signal provided to Era Group during the event. However, the application was rejected by the court and the Company notified Era Group to terminate the agreement and discontinue the broadcast signal according to law. In November 2014, Era Group filed a civil lawsuit to Taipei District Court, citing the interruption of the signal in violation of the agreement on the side of the Company and claiming damage compensation and restoration of its reputation. The claimed amount was NT$ 30,000 thousand. The judgment of the first instance on December 6, 2016 showed that both the main claim and the provisional execution were rejected by Taipei District Court. Era Group appealed to the High Court on November 2, 2017 and additionally claimed damages up to NT$70,000 thousand. On January 2, 2019. the High Court decided to transfer the case to the Intellectual Property Court. The Court rejected the appeal of Era Group in its judgment of the second instance on January 27, 2022 and the court fee was paid by Era Group. However, Era Group filed another appeal on February 24, 2022 and the case is currently pending at the court of third instance. As the outcome is difficult to predict, it is unclear whether the Company will incur any loss. However, the Company will continue to evaluate the future development and believes that there will be no significant impact on the business and finance.

XXV. Information on foreign currency assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant effect are as follows:

Unit: foreign currency/NTD thousand

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 1,438	30.705 (USD:NTD)	$ 44,164
Foreign currency liabilities			
Monetary item			
USD	138	30.705 (USD:NTD)	4,249

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 1,333	30.71 (USD:NTD)	$ 40,922
Foreign currency liabilities			
Monetary item			
USD	936	30.71 (USD:NTD)	28,750

Foreign currency exchange gain/loss (realized and unrealized) of material impact:

	2023		2022	
Foreign currency	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
USD	30.705 (USD:NTD)	($ 4,836)	30.71 (USD:NTD)	($ 8,044)

XXVI. Disclosures in the notes

(I) Significant transactions:

1. Lending funds to others: None
2. Providing endorsements/guarantees for others: None
3. Holding of securities at the end of the period excluding investment in subsidiaries and joint venture equity in associated companies): None.

4. Aggregate purchases or sales of the same securities reaching NT$300 million or more than 20% of paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or more than 20% of paid-in capital: None.
6. Disposal of real estate reaching NT$300 million or more than 20% of paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or more than 20% of paid-in capital: None.
8. Receivables from related parties reaching NT$ 100 million or more than 20% of paid-in capital: None.
9. Trading in derivative instruments: None.

(II) Information on investees: None.

(III) Information on investment in Mainland China: None.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, and the number and percentage of shares held.: Attachment 1.

XXVII. Segment information

The information is provided for the chief operating decision maker for resource allocation and segment performance assessment and focuses on each type of products delivered or supplied.

The Company is mainly engaged in the management of digital content and video/audio service platforms, establishment and setup of video/audio website, the production of online programs, and digital editing. The reportable segments of the Company are the content and channel operation departments.

(I) Segment revenues and operating results

The following is an analysis of the revenue and operating results of the Company's business units by reportable segments.

	Content and channel operation departments	Others	Total
2023			
Segment revenue	$ 883,275	$ 85,136	$ 968,411
Segment profit/loss	$ 236,339	$ 17,129	$ 253,468
Cost of other departments			(82,809)
Non-operating income and expenditures			1,652
Net profit before tax			$ 172,311
2022			
Segment revenue	$ 865,476	$ 115,655	$ 981,131

(To be Continued)

(Continued from previous page)

	Content and channel operation departments	Others	Total
Segment profit/loss	$ 61,027	$ 71,951	$ 132,978
Cost of other departments			(56,574)
Non-operating income and expenditures			(1,470)
Net profit before tax			$ 74,934

Segment profit refers to the profit earned by each segment, excluding the apportionable headquarters' administrative costs and non-operating income and expenditure. These measured amounts are provided for the chief operating decision maker for resource allocation and segment performance assessment.

(II) The Company's assets and liabilities are not available to operating decision makers, so the measured amounts of assets and liabilities are not disclosed.

(III) Income from main products and services: Please refer to Note XVI (I)

(IV) Information by Region

The Company mainly operates in Taiwan.

(V) Information on major customers

Single customers accounting for 10% or more of the Company's total revenue:

	2023	2022
RB0002	$ 235,170	$ 394,125

ELTA Technology Co., Ltd.

Information on major shareholders

December 31, 2023

Attachment 1 Unit: shares

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Yi Da Asset Management Co., Ltd.	3,876,755	15.49%
United International Trading Co.	3,537,210	14.13%
Hua-Chih Investment Co., Ltd.	2,108,905	8.42%
Yi-Chun Chen	1,537,136	6.14%

Note: The information on major shareholders are acquired from the data of the Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the individual financial statements of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

§Table of Contents of Significant Accounting Items§

ELTA TECHNOLOGY CO., LTD.

Statement of Cash

December 31, 2023

Statement 1

Unit: NTD thousand

Title	Abstract	Amount
Cash on hand and petty cash		$ 395
Check deposits		1,583
Demand deposits		278,119
Foreign currency demand deposits	Mainly US$77 thousand @ 30.705	2,577
		$ 282,674

ELTA TECHNOLOGY CO., LTD.

Statement of Accounts Receivable

December 31, 2023

Statement 2 Unit: NTD thousand

Title	Amount
RB0002	$ 69,441
Others (Note)	126,984
	$ 196,425

Note: The amount of each item does not exceed 5% of the amount of this item.

ELTA TECHNOLOGY CO., LTD.

Statement of Changes in Right-of-use Assets

January 1 to December 31, 2023

Statement 3

Unit: NTD thousand

	Building	Machinery and equipment	Total
Cost			
Balance on January 1, 2023	$ 60,469	$ 30,353	$ 90,822
New in current period	6,369	31,069	37,438
Decrease in current period	(6,243)	(30,353)	(36,596)
Balance on December 31, 2023	60,595	31,069	91,664
Accumulated depreciation			
Balance on January 1, 2023	37,933	30,353	68,286
Provision in current period	10,575	10,356	20,931
Derecognition in current period	(6,243)	(30,353)	(36,596)
Balance on December 31, 2023	42,265	10,356	52,621
Net as of December 31, 2023	$ 18,330	$ 20,713	$ 39,043

ELTA TECHNOLOGY CO., LTD.

Statement of Accounts and Notes Payable

December 31, 2023

Statement 4 | Unit: NTD thousand

Title	Amount
PA0002	$ 11,157
PB0529	4,760
PB0335	4,054
PB0360	2,000
PB0619	1,912
PC0119	1,816
Others (Note)	8,653
	$ 34,352

Note: The amount of each item does not exceed 5% of the amount of this item.

ELTA TECHNOLOGY CO., LTD.

Statement of Operating Cost

January 1 to December 31, 2023

Statement 5

Unit: NTD thousand

Item	Amount
Royalty cost	$ 354,247
Salary cost	109,377
Listing cost	63,046
Other costs (Note)	98,874
	$ 625,544

Note: The amount of each item does not exceed 5% of the amount of this item.

ELTA TECHNOLOGY CO., LTD.

Statement of Operating Expenses

December 31, 2023

Statement 6 | Unit: NTD thousand

Title	Marketing expense	Administrative and general affairs expenses	Total
Payroll expense	$ 69,995	$ 52,325	$ 122,320
Depreciation expense	6,338	1,938	8,276
Insurance premium	5,098	3,488	8,586
Other expenses (Note)	7,968	25,058	33,026
	$ 89,399	$ 82,809	$ 172,208

Note: The amount of each item does not exceed 5% of the amount of this item.

ELTA TECHNOLOGY CO., LTD.

Summary statement of Current Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function

January 1 to December 31, 2023 and 2022

Statement 7

Unit: NTD thousand

	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense (note)						
Salary expense	$ 102,700	$ 104,933	$ 207,633	$ 74,075	$ 65,245	$ 139,320
Labor and national health insurance expenses	3,547	7,688	11,235	3,052	6,831	9,883
Pension expense	1,677	3,479	5,156	1,472	3,123	4,595
Remuneration to directors	-	7,580	7,580	-	3,944	3,944
Share-based payment	-	4,184	4,184	-	-	-
Other employee benefit expenses	1,453	2,144	3,597	1,010	1,577	2,587
	$ 109,377	$ 130,008	$ 239,385	$ 79,609	$ 80,720	$ 160,329
Depreciation expense	$ 18,687	$ 8,276	$ 26,963	$ 17,637	$ 8,269	$ 25,906
Amortization expense	$ 215	$ 250	$ 465	$ 151	$ 222	$ 373

Note 1: The average number of employees for 2023 and 2022 was 136 and 130, respectively. Among them, there were 10 directors who did not serve as employees concurrently. The basis of calculation is consistent with employee benefit expense.

Note 2: (1) The average employee benefit\ expense for 2023 and 2022 was NT$1,840 thousand and NT$1,303 thousand, respectively.

(2) The average employee salary expense for 2023 and 2022 was NT$1,648 thousand and NT$1,161 thousand, respectively.

(3) The adjustment range of the average employee salary expense was 41.95%.

Note 3: The Company's remuneration policy (including directors, managers and employees) is as follows:

(1) Directors: In accordance with Article 26 of the Articles of Incorporation, the Company may resolve to appropriate no more than 3% of the profit of the year as remuneration to directors, taking into account the Company's operating results and the contribution of the directors to the Company. The "Regulations on Directors' and Managers' Remuneration" of the Company is used as the basis for review and approval of the remuneration. Besides referring to the Company's overall operating performance, future business risks and development trends of the industry. the achievement rate of personal performance, the contribution to the performance of the Company, the achievement rate of the goals, profitability, operating benefits, and contributions are taken into account comprehensively to calculate the ratio of remuneration and pay reasonable remuneration. All of these are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed from time to time depending on the actual operating conditions and relevant laws and regulations in order to seek a balance between the Company's sustainable operations and risk control.

(2) Managers: As for the remuneration policy for managers, reasonable remuneration is paid based on the Company's remuneration philosophy and with reference to industry standards, and individual performance evaluations, including financial indicators (such as the achievement rate of the Company's revenue, net profit before tax and net profit after tax) and non-financial indicators (such as instructors in charge of education and training and major deficiencies of subordinate departments in legal compliance and operational risk) As for the procedure for determining remuneration, the Performance Evaluation Guidelines of the Company are the basis for review and approval. The reasonableness of related performance evaluation and remuneration is reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations, in order to seek a balance between the Company's sustainable operations and risk control.

(3) Employees: The Company conducts annual market salary survey to analyze individual employees' salaries, bonuses, and annual incomes. Salary adjustments are made in accordance with the Company's work rules and performance evaluation results to ensure compliance with market standards and the principle of internal and external fairness.