

METAAGE CORPORATION
(Original Name : SYSAGE TECHNOLOGY CO., LTD.)
PARENT COMPANY ONLY FINANCIAL STATEMENTS
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021 (Restated)

Address: 10F., No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City
114006, Taiwan (R.O.C.)
Telephone: (02)8797-8260

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Parent Company Only Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the parent company only financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~25
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25~26
(6) Explanation of significant accounts	26~61
(7) Related-party transactions	62~68
(8) Pledged assets	68
(9) Significant commitments and contingencies	68
(10) Losses due to major disasters	68
(11) Subsequent Events	68
(12) Others	69
(13) Other disclosures	
(a) Information on significant transactions	70~71
(b) Information on investees	71~72
(c) Information on investment in Mainland China	72
(d) Major shareholders	72
(14) Segment information	72
9. Statement of major accounting items	73~83



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.):

Opinion

We have audited the parent company only financial statements of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)("the Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021 (restated), the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021 (restated), and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 (restated), and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 (restated), 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in Note 1 and Note 6(g), METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) fully acquired 100% shareholdings in Metaguru Corporation from subsidiary of Qisda Corporation, BenQ Guru Holdings Limited by cash on December 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The Company restated the parent company only financial statements for the year ended December 31, 2021. Our conclusion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to amounts included for those investees, is based solely on the reports of the other auditors. The recognized investments accounted for using the equity method constituted 1.84% and 1.83% of the total assets as of December 31, 2022 and 2021 (restated), respectively, and the recognized share of profit or loss of subsidiaries and associates accounted for using equity method constituted 2.81% and 1.63% of the profit before tax for the years ended December 31, 2022 and 2021 (restated), respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

Please refer to Note 4(g) for the accounting policy for inventories, Note 5(a) for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management's subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

How the matter was addressed in our audit:

Our audit procedures included understanding the Company's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management's recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

2. Impairment of goodwill included in investment in subsidiaries

Please refer to Note 4(n) for the accounting policy on impairment of non-financial assets, Note 5(b) for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(g) for the assessment of impairment of goodwill.

Description of key audit matter:

Goodwill arising from investments in subsidiaries is included in the carrying amount of the investments accounted for using equity method in the parent company only financial statements. The goodwill is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

Our audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions; performing a sensitivity analysis of the results; and assessing the adequacy of the Company's disclosures with respect to the related information.

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)

February 23, 2023

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2022		2021 (Restated)	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(v) and 7)	\$ 9,852,906	100	9,437,728	100
5000	Operating costs (Notes 6(e) and 7)	<u>8,528,838</u>	<u>87</u>	<u>8,259,037</u>	<u>88</u>
	Gross profit	<u>1,324,068</u>	<u>13</u>	<u>1,178,691</u>	<u>12</u>
	Operating expenses (Notes 6(c), (r), (w), 7 and 12):				
6100	Selling expenses	726,650	7	603,782	6
6200	General and administrative expenses	157,246	2	151,884	2
6300	Research and development expense	29,473	-	23,683	-
6450	Reversal of expected credit loss	<u>-</u>	<u>-</u>	<u>(15,300)</u>	<u>-</u>
		<u>913,369</u>	<u>9</u>	<u>764,049</u>	<u>8</u>
	Net operating income	<u>410,699</u>	<u>4</u>	<u>414,642</u>	<u>4</u>
	Non-operating income and expenses:				
7010	Other income (Notes 6(p), (q), (x) and 7)	30,290	-	17,729	-
7100	Interest income	1,042	-	355	-
7020	Other gains and losses (Notes 6(i), (x) and 7)	110,032	1	189,859	2
7050	Finance costs (Notes 6(p), (x) and 7)	(15,774)	-	(10,445)	-
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method (Note 6(f))	<u>(21,266)</u>	<u>-</u>	<u>73,674</u>	<u>1</u>
		<u>104,324</u>	<u>1</u>	<u>271,172</u>	<u>3</u>
	Profit before income tax	515,023	5	685,814	7
7950	Less: Income tax expenses (Note 6(s))	<u>96,797</u>	<u>1</u>	<u>101,234</u>	<u>1</u>
	Profit	<u>418,226</u>	<u>4</u>	<u>584,580</u>	<u>6</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8330	Share of other comprehensive income of subsidiaries and associates for using equity method (Note 6(f))	192	-	(83)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that may not be reclassified subsequently to profit or loss	<u>192</u>	<u>-</u>	<u>(83)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	13,043	-	(30,260)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>13,043</u>	<u>-</u>	<u>(30,260)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>13,235</u>	<u>-</u>	<u>(30,343)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 431,461</u>	<u>4</u>	<u>554,237</u>	<u>6</u>
	Profit (loss) attributable to:				
	Owners of parent	\$ 412,505	4	577,591	6
	Former owner of business combination under common control	<u>5,721</u>	<u>-</u>	<u>6,989</u>	<u>-</u>
		<u>\$ 418,226</u>	<u>4</u>	<u>584,580</u>	<u>6</u>
	Comprehensive income (loss) attributable to:				
	Owners of parent	\$ 425,740	4	547,248	6
	Former owner of business combination under common control	<u>5,721</u>	<u>-</u>	<u>6,989</u>	<u>-</u>
		<u>\$ 431,461</u>	<u>4</u>	<u>554,237</u>	<u>6</u>
	Earnings per share (Note 6(u)):				
9750	Basic earnings per share (NT dollars)	<u>\$ 2.19</u>		<u>3.07</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 2.17</u>		<u>3.04</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Retained earnings				Unappropriated retained earnings	Total other equity interest			Subtotal equity	Equity attributable to former owner of business combination under common control	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit			
Balance on January 1, 2021 (Restated)	\$ 1,883,573	1,333,011	328,387	-	726,330	-	-	-	4,271,301	153,960	4,425,261
Profit	-	-	-	-	577,591	-	-	-	577,591	6,989	584,580
Other comprehensive income	-	-	-	-	-	(29,705)	(2)	(636)	(30,343)	-	(30,343)
Comprehensive income	-	-	-	-	577,591	(29,705)	(2)	(636)	547,248	6,989	554,237
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	54,902	-	(54,902)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	(470,894)
Reorganization	-	(57,631)	-	-	-	-	-	-	(57,631)	(82,369)	(140,000)
Difference between consideration and carrying amount of subsidiaries' share acquired	-	(440)	-	-	-	-	-	-	(440)	-	(440)
Changes in equity of associates accounted for using equity method	-	979	-	-	-	-	-	-	979	-	979
Balance on December 31, 2021 (Restated)	1,883,573	1,275,919	383,289	-	778,125	(29,705)	(2)	(636)	4,290,563	78,580	4,369,143
Profit	-	-	-	-	412,505	-	-	-	412,505	5,721	418,226
Other comprehensive income	-	-	-	-	-	12,874	(171)	532	13,235	-	13,235
Comprehensive income	-	-	-	-	412,505	12,874	(171)	532	425,740	5,721	431,461
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	57,759	-	(57,759)	-	-	-	-	-	-
Special reserve	-	-	-	30,343	(30,343)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	(470,894)
Capital reduction	-	-	-	-	-	-	-	-	-	(56,600)	(56,600)
Reorganization	-	(3,299)	-	-	-	-	-	-	(3,299)	(27,701)	(31,000)
Changes in equity of subsidiaries and associates accounted for using equity method	-	80	-	-	-	-	-	-	80	-	80
Proceeds from the disposal of forfeited funds from employee stock ownership trust	-	47	-	-	-	-	-	-	47	-	47
Balance on December 31, 2022	\$ 1,883,573	1,272,747	441,048	30,343	631,634	(16,831)	(173)	(104)	4,242,237	-	4,242,237

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2022	2021 (Restated)
Cash flows from operating activities:		
Profit before income tax	\$ 515,023	685,814
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	66,383	57,906
Amortization expense	745	769
Gains on disposal of property, plant and equipment	-	(136)
Reversal of expected credit loss	-	(15,300)
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(63,620)	(76,542)
Share of profit (loss) of subsidiaries and associates accounted for using equity method	21,266	(73,674)
Gain on disposal of subsidiaries	-	(20,696)
Loss on disposal of associates	15	-
Gain on disposal of non-current assets held for sale	-	(57,528)
Interest expense	15,774	10,445
Interest income	(1,042)	(355)
Dividend income	(13,671)	(7,812)
Total adjustments to reconcile profit (loss)	<u>25,850</u>	<u>(182,923)</u>
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Current financial assets at fair value through profit or loss	-	150,043
Notes and accounts receivable (including long-term and related parties)	(28,141)	(646,202)
Inventories	(465,618)	258,693
Other current assets	11,266	(4,126)
Other non-current assets	(590)	-
Total net changes in operating assets	<u>(483,083)</u>	<u>(241,592)</u>
Total net changes in operating liabilities:		
Contract liability	(29,476)	(111,126)
Accounts payable	534,161	(285,782)
Other payables	(48,870)	45,016
Advance receipts	(22,614)	9,295
Other current liabilities	171	214
Total net changes in operating liabilities	<u>433,372</u>	<u>(342,383)</u>
Total net changes in operating assets and liabilities	<u>(49,711)</u>	<u>(583,975)</u>
Total adjustments	<u>(23,861)</u>	<u>(766,898)</u>
Cash inflows (outflows) generated from operations	491,162	(81,084)
Interest received	1,040	355
Dividends received	49,237	32,263
Interest paid	(15,798)	(10,336)
Income taxes paid	(97,708)	(97,417)
Net cash inflows (outflow) from operating activities	<u>427,933</u>	<u>(156,219)</u>
Cash flows from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(130,856)	(100,000)
Acquisition of investments accounted for using equity method	(31,000)	(367,495)
Proceeds from disposal of investments accounted for using equity method	-	49,890
Return of capital from investments accounted for using equity method	565	-
Proceeds from disposal of non-current assets as held for sale	-	181,450
Acquisition of property, plant and equipment	(6,579)	(6,127)
Proceeds from disposal of property, plant, and equipment	-	708
Decrease (increase) in refundable deposits	(5,026)	4,256
Net cash outflows from investing activities	<u>(172,896)</u>	<u>(237,318)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	100,000	700,000
Increase in short-term notes and bills payable	199,619	-
Repayments of long-term borrowings	(14,029)	(14,160)
Increase(decrease) in guarantee deposits	62	(330)
Payments of lease liabilities	(30,909)	(24,859)
Cash dividends paid	(470,894)	(470,894)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	47	-
Net cash inflows (outflows) from financing activities	<u>(216,104)</u>	<u>189,757</u>
Increase (decrease) in cash and cash equivalents	<u>38,933</u>	<u>(203,780)</u>
Cash and cash equivalents, beginning of period	<u>385,915</u>	<u>589,695</u>
Cash and cash equivalents, end of period	<u>\$ 424,848</u>	<u>385,915</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

METAAGE CORPORATION (“the Company”), formerly called SYSAGE TECHNOLOGY CO., LTD., was incorporated on April 16, 1998 under the approval of Ministry of Economic Affairs, Republic of China (“R.O.C.”). The Company changed the name to METAAGE CORPORATION in June, 2022. The address of its registered office is 10F, No. 516, Sec. 1, Neihu Rd., Taipei City 114064, Taiwan (R.O.C.). The Company’s major business activities include distributing and reselling products of software and hardware equipment of ICT Infrastructures from Cisco and other companies, Computing & Data Utilization from IBM, Dell, EMC, and other companies, Digitalization from Oracle and other companies. The Company provides integrated planning for the products it sells, including related services of consulting, education and training as well as research, development of software of information applications, services and sales business.

The Company had fully acquired COREX (PTY) LTD (“COREX”) from Partner Tech Corporation (“Partner Tech”) by cash on January 4, 2021, and had fully acquired Metaguru Corporation (“Metaguru”) from BenQ Guru Holding Limited (“GSH”) by cash on December 1, 2022. Partner Tech, GSH and the Company have the same ultimate parent, which is Qisda Corporation. The transactions are an organizational reorganization under common control; please refer to Note 6(g) for details.

(2) Approval date and procedures of the parent company only financial statements:

The parent company only financial statements have been authorized for issue by the Board of Directors on February 23, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

- (b) The impact of IFRSs issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (c) The impact of IFRS issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by IASB, but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments¹, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent company only financial position and parent company only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these parent company only financial statements are set out as below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for financial assets (liabilities) at fair value through profit or loss, the parent company only financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(iii) Business combinations under common control

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The parent company only financial statements do not recognize the goodwill or the fair value of acquirer's share of the acquiree's interest in the acquiree's identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the balance sheet, the equity from acquisition record as "Equity attributable to former owner of business combination under common control"; In preparing the statements of comprehensive income, the profit or loss belong to former controlling shareholders record as "profit (loss), attributable to former owner of business combination under common control".

(c) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period ("the reporting date") monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting date; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(f) Financial assets

Accounts receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

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

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through profit or loss

All financial assets not classified as amortized cost or fair value through comprehensive income (“FVOCI”) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly once it is past due.

The Company considers a financial asset to be in default when the financial asset is more than 120 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iii) Derivative financial instruments

Derivatives held for hedging risk exposure to currency and interest rate are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Non-current assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets or disposal groups as held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Company's applicable accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent company only financial reports include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Company's shareholding percentage in the associate, the Company recognizes equity changes attributable to the Company by its shareholding percentage as capital surplus.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated party's interests in the associate.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

When the Company's share of losses of an associate equal or exceed its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method when preparing the parent company only financial reports. There is no difference between net income and comprehensive income in the Company's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's parent company only financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

- 1) Buildings and improvements: 50 years
- 2) Office and other equipment: 2 to 7 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(m) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the assessment of whether it will have the option to exercise a purchase; or
- there is a change in its assessment of whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease, or other terms.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment of low value assets, The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(n) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"). Goodwill arising from a business combination is allocated to CGU or groups of CGU that are expected to benefit from the synergies of the combination.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

(o) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Company's major revenues:

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional. Advance sales receipts are recognized as contract liabilities and are transferred to revenue upon the delivery of goods.

(ii) Services

The Company provides installation and maintenance services on hardware and software. The recognition of the revenue generated was based on the progress towards completing the transaction recognized by the two parties as of the reporting date.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted on the reporting date.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs incurred are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interest are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs endorsed by FSC.

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(t) Operating segments

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for further details.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the parent company only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Regarding control of investees or judgment of significant influence, please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for further details. There are no critical judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for normal loss, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for the valuation of inventories.

(b) Valuation of impairment of goodwill arising from investment subsidiaries

The carrying amounts of investments in subsidiaries include goodwill arising from the acquisition, the assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGU, allocate the goodwill to relevant CGU, and estimate the recoverable amount of relevant CGU. Any changes in these estimates based on the change in economic conditions or business strategies could result in significant adjustments.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

Valuation process

The Company's accounting policies and disclosure include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: input for the asset or liability is not based on the observable market information.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$ 250	300
Check and demand deposits	424,598	385,615
	\$ 424,848	385,915

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out in the following table:

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Current:		
Pre-purchased forward exchange contracts	\$ 623	-
Non-current:		
Foreign and domestic unlisted stocks	280,153	240,694
Domestic unlisted equities	230,691	97,602
Total	\$ 511,467	338,296

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss:		
Current:		
Pre-purchased forward exchange contracts	\$ (13,651)	(2,286)
Contingent considerations arising from business combinations	-	(5,236)
Non-current:		
Contingent considerations arising from business combinations	(63,144)	(97,986)
	\$ (76,795)	(105,508)

The above contingent considerations arising from business combinations were generated from the merger of COREX, the Partner Tech's sale and purchase agreement and the related accessory contracts from the prior year, and the merger of STATINC. Under the contingent consideration arrangement, the contingent consideration was estimated by the discounted cash flow method based on the future profitability of each subsidiary.

- (ii) Derivative financial instruments are used to hedge assets or liabilities denominated in foreign currencies for risks arising from exchange rate fluctuations. The following table sets out the Company's derivatives recognized as held-for-trading financial assets and liabilities to which hedging accounting was not applicable:

Financial instruments	December 31, 2022		
	Nominal amounts	Maturity period	Pre-agreed exchange rate
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD33,350 thousand	2023.01.01~ 2023.04.19	30.224~ 32.045
Financial instruments	December 31, 2021		
Financial instruments	Nominal amounts	Maturity period	Pre-agreed exchange rate
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD14,240 thousand	2022.01.01~ 2022.03.01	27.692~ 27.895
Buy NTD/Sell RMB	RMB 1,000 thousand	2022.03.31~ 2022.04.15	4.296

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(c) Notes and accounts receivable (including long-term and related parties)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable (including long-term)	\$ 126,490	275,999
Accounts receivable	2,317,459	2,123,615
Accounts receivable due from related parties (including long-term)	117,813	134,201
Less: loss allowance	<u>(21,191)</u>	<u>(21,385)</u>
Total	<u>\$ 2,540,571</u>	<u>2,512,430</u>
Current	\$ 2,498,408	2,437,344
Non-current	<u>42,163</u>	<u>75,086</u>
Total	<u>\$ 2,540,571</u>	<u>2,512,430</u>

- (i) The Company did not discount or provide any of the notes and accounts receivable (including long-term and related parties) as collateral. The above-mentioned notes and accounts receivable, whose maturity period were less than one year, were not discounted and their carrying amounts were presumed to approximate their fair values.
- (ii) Non-current notes receivable mainly arose from installment sales.
- (iii) The Company applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward-looking information. The analysis of ECL on notes and accounts receivable was as follows:

	<u>December 31, 2022</u>		
	<u>Gross carrying amount of notes and accounts receivable</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance for lifetime expected credit losses</u>
Current	\$ 2,467,829	0.07%	1,634
1 to 30 days past due	45,049	3.00%	1,351
31 to 60 days past due	16,162	10.00%	1,616
61 to 90 days past due	1,883	20.00%	377
91 to 120 days past due	1,433	50.00%	717
More than 121 days past due	<u>29,406</u>	52.70%	<u>15,496</u>
	<u>\$ 2,561,762</u>		<u>21,191</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

	December 31, 2021		
	Gross carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 2,460,719	0.12%	2,940
1 to 30 days past due	24,716	3.00%	742
31 to 60 days past due	8,714	10.00%	871
61 to 90 days past due	1,422	20.00%	284
91 to 120 days past due	2,494	50.00%	1,247
More than 121 days past due	35,750	42.80%	15,301
	\$ 2,533,815		21,385

- (iv) The movements in the loss allowance for notes and accounts receivable (including long-term and related parties) were as follows:

	For the years ended December 31	
	2022	2021
Beginning balance	\$ 21,385	42,500
Impairment losses (reversal of impairment loss)	-	(15,300)
Transferred to other receivables	(194)	(5,815)
Ending balance	\$ 21,191	21,385

- (d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	\$ 7,481	21,519
Less: loss allowance	(1,563)	(19,641)
	\$ 5,918	1,878

- (i) As of December 31, 2022 and 2021, there was no other receivable that was past due but not impaired.

- (ii) The movements in the loss allowance for other receivables were as follows:

	For the years ended December 31	
	2022	2021
Beginning balance	\$ 19,641	16,927
Write-offs of uncollectible amount for the period	(18,272)	(3,101)
Transferred from accounts receivable	194	5,815
Ending balance	\$ 1,563	19,641

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(e) Inventories

	December 31, 2022	December 31, 2021
Merchandise inventory	\$ 2,914,551	2,460,115

For the years ended December 31, 2022 and 2021, due to the write-down of inventories to net realizable value, a reversal gain of \$43,000 thousand and \$0, respectively, were recognized and reported as operating costs.

For the years ended December 31, 2022 and 2021, loss on scrap of inventories amounted to \$43,161 thousand and \$0 thousand, respectively.

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 606,326	719,973
Associates	115,854	110,312
	\$ 722,180	830,285

(i) Subsidiaries

- 1) Please refer to Notes 6(g), (h) and (i) for the acquisition and disposal of subsidiaries by the Company.
- 2) Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details of subsidiaries.

(ii) Associates

- 1) As of February 1, 2021, the Company acquired 500 thousand shares of Everlasting Digital ESG Co., Ltd. (29.41% of ownership) by \$5,000 thousand of cash. The price had been fully paid up.
- 2) The Company's shareholding in ADVANCEDTEK INTERNATIONAL is 34.09%. In January 2021, the Company obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Company to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Company has substantive control over ADVANCEDTEK INTERNATIONAL. Therefore, it has been included in the Company's only financial statements, and the Company obtained more than half of the total number of directors of the Board in May 2021; please refer to Note 6(g) for details.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

- 3) In December 2021, GRANDSYS issued 1,913 thousand shares to be exercised as employee stock options, resulting in the Company's shareholding in GRANDSYS to decrease from 23.58% to 21.84%, and the Company's capital surplus to increase by \$158 thousand due to the change in equity. In February and April 2022, GRANDSYS issued 925 thousand and 162 thousand new shares, respectively, to be exercised as employee stock options. Resulting the Company's shareholding in GRANDSYS to decrease from 21.84% to 20.96%, and the Company's capital surplus to increase by \$73 thousand due to the change in equity.
- 4) Aggregate financial information of associates for using equity method that were not individually material was summarized as follows. The financial information was included in the Company's parent company only financial statements.

	For the years ended December 31	
	2022	2021
Attributable to the Company:		
Profit	\$ 6,185	3,839
Other comprehensive income	(136)	349
Total comprehensive income	\$ 6,049	4,188

- 5) As of December 31, 2022 and 2021, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.
- (g) Acquisition of the subsidiary
- (i) Acquisition of the subsidiary- Metaguru
- 1) Acquisition of consideration transferred of the subsidiary

On December 1, 2022, the Company acquired 100% ownership of Metaguru amounting \$31,000 thousand from GSH, and obtained control over Metaguru. Metaguru is primarily engaged in providing information software services and electronic information supply services. The Company acquired Metaguru to expend new customers through Metaguru's channel, and provide customers with more complete information system software, hardware and cloud product integration services.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

2) Identifiable net assets acquired

The following table summarized the carrying amount of Metaguru's identifiable assets acquired and liabilities assumed recognized at December 1, 2022:

Consideration transferred:

Cash	\$	31,000
------	----	--------

Carrying amounts of identifiable assets and liabilities acquired:

Cash and cash equivalents	\$	25,325
Notes and accounts receivable (including related parties)		8,438
Prepayments		7
Other current assets		388
Other non-current assets		5,875
Contract liabilities		(7,011)
Notes and accounts payable		(2,839)
Other payables		(2,057)
Other current liabilities		(425) <u>27,701</u>
Capital surplus	\$	<u><u>3,299</u></u>

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of Metagurn is debited to the capital surplus of \$3,299 thousand.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(ii) Acquisition of the subsidiary-COREX

1) Acquisition of consideration transferred of the subsidiary

On January 4, 2021, the Company acquired 100% ownership of COREX amounting \$140,000 thousand from Partner Tech, and obtained control over COREX. COREX is primarily engaged in the sale of computer peripherals. The Company acquired COREX for its business and customers and expend its marketing channel in Africa.

In addition, the equity sale and purchase agreement and the Partner Tech's sale and purchase agreement, as well as the related accessory contracts from the prior year, were as follows:

- a) The sales unit of COREX, POS, merged with COREX due to business restructuring in February 2019. If the company makes a profit between June 1, 2018, and December 31, 2022, the amount paid to sellers of POS shall be calculated based on profit after tax for each year multiplied by 54% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement.
- b) If the company makes a profit between November 1, 2018 and December 31, 2023, the amount paid to sellers shall be calculated based on profit before tax for each year multiplied by 50% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, the Company shall decide whether to extend the period to December 31, 2025. The above-mentioned profit before income tax of each year is not included profit before tax from POS sales unit.

Under the contingent consideration arrangement, the Company estimated the contingent consideration based on discounted cash flow method. As of acquisition date, the future potential amount of the contingent payment that the Company has to pay amounted to \$81,231 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

The above agreement was revised in December 2021 as follows:

If the company makes a profit between May 31, 2018 and December 31, 2023, the amount paid in ZAR to sellers each year shall be calculated based on profit before tax for offsetting the accumulated losses from prior years, multiplied by 50% in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, both companies will extend the period to December 31, 2025.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

2) Identifiable net assets acquired

The following table summarized the carrying amount of COREX's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:

Cash	\$	140,000
Fair value of contingent considerations transferred		81,231

Carrying amounts of identifiable assets and liabilities acquired:

Cash and cash equivalents	\$	30,976
Current financial assets at fair value through profit or loss		101
Notes and accounts receivable (including related parties)		74,041
Inventories		106,499
Prepayments		34,255
Other current assets		17,741
Property, plant and equipment		4,027
Right-of-use assets		16,629
Intangible assets		117,304
Other non-current assets		15,004
Short-term borrowings		(84,759)
Contract liabilities		(4,323)
Notes and accounts payable		(22,376)
Other payables		(117,837)
Current lease liabilities		(8,462)
Other current liabilities		(2,584)
Non-current lease liabilities		(11,384)
Other non-current liabilities		(1,252)
		<u>163,600</u>
Capital surplus	\$	<u><u>57,631</u></u>

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of COREX is debited to the capital surplus of \$57,631 thousand.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iii) Acquisition of the subsidiary-STATINC

1) Acquisition of consideration transferred of the subsidiary

On February 4, 2021, the Company obtained 251 thousand ordinary shares from original shareholders from STATINC for \$10,013 thousand. Furthermore, the Company subscribed 1,504 thousand preferred shares of STATINC for \$60,010 thousand and obtained 35.01% of voting shares. The Company became the largest shareholder and had more than half directors of the Board; therefore, the Company has control over the company. STATINC is primarily provide services for enterprises such as market research, marketing consulting, and cloud database of Big data. The Company acquired STATINC for improving the software and hardware business of the Company and increase the enterprise's value in finance and medical services.

In addition, according to the equity investment agreement, the former preferred stocks shall not be allowed to participate in the distribution of surplus in the three years preceding their holding and shall be forcibly converted into ordinary shares in proportion to one share after three years of holding. Under the contingent consideration arrangement, the Company estimated the contingent consideration based on discounted cash flow method and the shareholding ratio of 35.01%. As of acquisition date, the future potential amount of the contingent payment that the Company has to pay amounted to \$23,298 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

2) Identifiable net assets acquired

The following table summarized the fair value of STATINC' s identifiable assets acquired and liabilities assumed recognized at February 4, 2021:

Consideration transferred:

Cash	\$	70,023
Non-controlling interests		81,123
Fair value of contingent considerations transferred		23,298

Fair value of identifiable assets and liabilities assumed:

Cash and cash equivalents	\$	86,330
Current contract assets		13,972
Notes and accounts receivable, net		9,717
Prepayments		2,199
Other current assets		322
Property, plant and equipment		1,056
Right-of-use assets		1,675
Intangible assets		35,216
Deferred income tax assets		1,849
Other non-current assets		7,747
Short-term borrowings		(6,000)
Notes and accounts payable		(2,669)
Other payables		(12,574)
Current lease liabilities		(1,706)
Other current liabilities		(5,275)
Other non-current liabilities		(1,402) <u>130,457</u>
Goodwill	\$	<u><u>43,987</u></u>

The carrying amount of the investments in subsidiaries accounted for using the equity method includes goodwill arising from the acquisition.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iv) Acquisition of the subsidiary-ADVANCEDTEK INTERNATIONAL and its subsidiaries

1) Acquisition of the subsidiary

The Company holds 34.09% of the voting shares and is the largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Company obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Company to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. The Company had control over ADVANCEDTEK INTERNATIONAL and its subsidiaries. In May 2021, the Company obtained more than half of the total number of directors of the Board. ADVANCEDTEK INTERNATIONAL mainly provides integrated service for domestic ERP systems and related consulting services of Oracle. The main activities included the sale consulting services of ERP and related systems. The Company expends its information-related consultancy service for strategic investment.

2) Identifiable net assets acquired

The following table summarized the fair value of ADVANCEDTEK INTERNATIONAL's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:

Fair value of pre-existing interest in the acquiree	\$	32,120
Non-controlling interests		38,578

Fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date:

Cash and cash equivalents	\$	44,124
Notes and accounts receivable, net		46,556
Prepayments		11,155
Other current assets		691
Property, plant and equipment		630
Right-of-use assets		21,185
Intangible assets		44
Other non-current assets		11,985
Contract liability		(35,974)
Notes and accounts payable		(9,434)
Other payables		(11,088)
Current lease liabilities		(5,423)
Non-current lease liabilities		(15,884)
		<u>58,567</u>
Goodwill	\$	<u><u>12,131</u></u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The carrying amount of the investments in subsidiaries accounted for using the equity method includes goodwill arising from the acquisition.

(v) Impairment test on goodwill

The Company evaluated the recoverable amounts of its goodwill, which is based on its value-in-use, for impairment testing at the reporting date. Value-in-use is based on three to four years of the estimated future cash flow, according to the future operation plan of the Company, discounted to their present value using the yearly discount rate, which reflects the risks specific to CGU by 8.81%~18.35% and 8.19%~14.75% , for the years ended December 31, 2022 and 2021, respectively. There were no impairment losses of goodwill in 2022 and 2021.

(h) Changes in ownership interest in a subsidiary

(i) On March 2, 2021, the Company subscribed 4,000 thousand shares of EPIC CLOUD INFORMATION INTEGRATION for \$40,000 thousand. On March 29, 2021, the Company paid \$500 thousand for 50 thousand shares from the original shareholders and paid \$100 thousand for 10 thousand shares from GLOBAL INTELLIGENCE NETWORK in the same month. Therefore, the Company's shareholding ratio increased to 100%, and capital surplus decreased by \$440 thousand due to changes in equity.

(i) Loss control of subsidiaries

(i) Disposal of subsidiary-NEO TREND TECH

On February 26, 2021, the Company disposed the entire shares of its subsidiary, NEO TREND TECH, with the approval of the Chairman. The contract of purchase and sale of shares had been signed, and disposal-related matters had been completed. Therefore, the Company had lost control over its subsidiary. As of the disposal date, the carrying amount of investments accounted for using equity method and the disposal price, which had been fully received, were \$29,154 thousand and \$50,000 thousand, respectively, resulting in a gain of \$20,696 thousand (including the deduction of the expenditure associated with the consideration of \$150 thousand), to be recorded as other gains and losses.

(ii) Disposal of the subsidiary-DAWNING TECHNOLOGY

On November 5, 2020, a change in the shareholding of the Company in its subsidiary, DAWNING TECHNOLOGY, had been made based on resolution approved during the Board meeting. Accordingly, the carrying amount of investments accounted for using equity method of \$123,922 thousand was recognized as non-current assets classified as held-for-sale on December 31, 2020. However, on January 4, 2021, the Company entered into an agreement and completed the sale of its shares in Dawning Technology at the disposal price of \$181,997 thousand, which had been fully received, resulting in a gain amounting to \$57,528 thousand (including the deduction of the expenditure associated with the consideration of \$547) to be recorded as other gains and losses. Thereafter, the Company lost control over DAWNING TECHNOLOGY.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(j) Property, plant and equipment

Information about the movement of costs and accumulated depreciation of property, plant and equipment was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2022	\$ 521,816	338,965	146,305	1,007,086
Additions	-	-	6,579	6,579
Disposal	-	-	(26,615)	(26,615)
Transferred to investment property	(17,224)	(10,541)	-	(27,765)
Transferred from inventories	-	-	11,182	11,182
Balance on December 31, 2022	<u>\$ 504,592</u>	<u>328,424</u>	<u>137,451</u>	<u>970,467</u>
Balance on January 1, 2021	\$ 495,211	324,912	178,602	998,725
Additions	-	-	6,127	6,127
Disposal	-	-	(53,970)	(53,970)
Transferred from investment property	26,605	14,053	-	40,658
Transferred from inventories	-	-	15,546	15,546
Balance on December 31, 2021	<u>\$ 521,816</u>	<u>338,965</u>	<u>146,305</u>	<u>1,007,086</u>
Accumulated depreciation:				
Balance on January 1, 2022	\$ -	73,396	91,644	165,040
Depreciation	-	6,602	28,145	34,747
Disposal	-	-	(26,615)	(26,615)
Transferred to investment property	-	(6,439)	-	(6,439)
Balance on December 31, 2022	<u>\$ -</u>	<u>73,559</u>	<u>93,174</u>	<u>166,733</u>
Balance on January 1, 2021	\$ -	63,689	119,656	183,345
Depreciation	-	6,722	25,386	32,108
Disposal	-	-	(53,398)	(53,398)
Transferred from investment property	-	2,985	-	2,985
Balance on December 31, 2021	<u>\$ -</u>	<u>73,396</u>	<u>91,644</u>	<u>165,040</u>
Carrying amount:				
December 31, 2022	<u>\$ 504,592</u>	<u>254,865</u>	<u>44,277</u>	<u>803,734</u>
December 31, 2021	<u>\$ 521,816</u>	<u>265,569</u>	<u>54,661</u>	<u>842,046</u>
January 1, 2021	<u>\$ 495,211</u>	<u>261,223</u>	<u>58,946</u>	<u>815,380</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

As of December 31, 2022 and 2021 property, plant, and equipment were pledged as collateral for short-term and long-term borrowings, please refer to Note 8.

(k) Right-of-use assets

Information about the movement of costs and accumulated depreciation of leases for which the Company as a lessee was presented below:

	Buildings
Cost:	
Balance on January 1, 2022	\$ 214,195
Additions	31,320
Balance on December 31, 2022	<u>\$ 245,515</u>
Balance on January 1, 2021	\$ 212,194
Additions	5,258
Decrease	(3,257)
Balance on December 31, 2021	<u>\$ 214,195</u>
Accumulated depreciation:	
Balance on January 1, 2022	\$ 69,967
Depreciation	31,234
Balance on December 31, 2022	<u>\$ 101,201</u>
Balance on January 1, 2021	\$ 47,707
Depreciation	25,517
Decrease	(3,257)
Balance on December 31, 2021	<u>\$ 69,967</u>
Carrying amount:	
December 31, 2022	<u>\$ 144,314</u>
December 31, 2021	<u>\$ 144,228</u>
January 1, 2021	<u>\$ 164,487</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(l) Investment property

Information about the movement of costs and accumulated depreciation of investment property was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance on January 1, 2022	\$ 24,777	14,355	39,132
Transferred from property, plant and equipment	<u>17,224</u>	<u>10,541</u>	<u>27,765</u>
Balance on December 31, 2022	<u>\$ 42,001</u>	<u>24,896</u>	<u>66,897</u>
Balance on January 1, 2021	\$ 51,382	28,408	79,790
Transferred to property, plant and equipment	<u>(26,605)</u>	<u>(14,053)</u>	<u>(40,658)</u>
Balance on December 31, 2021	<u>\$ 24,777</u>	<u>14,355</u>	<u>39,132</u>
Accumulated depreciation:			
Balance on January 1, 2022	\$ -	2,963	2,963
Depreciation	-	402	402
Transferred from property, plant and equipment	<u>-</u>	<u>6,439</u>	<u>6,439</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>9,804</u>	<u>9,804</u>
Balance on January 1, 2021	\$ -	5,667	5,667
Depreciation	-	281	281
Transferred to property, plant and equipment	<u>-</u>	<u>(2,985)</u>	<u>(2,985)</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>2,963</u>	<u>2,963</u>
Carrying amount:			
December 31, 2022	<u>\$ 42,001</u>	<u>15,092</u>	<u>57,093</u>
December 31, 2021	<u>\$ 24,777</u>	<u>11,392</u>	<u>36,169</u>
January 1, 2021	<u>\$ 51,382</u>	<u>22,741</u>	<u>74,123</u>
Fair value:			
December 31, 2022			<u>\$ 184,080</u>
December 31, 2021			<u>\$ 83,880</u>

- (i) Investment property comprises a number of commercial properties which are leased to third parties. Each of the leases contains an initial non-cancellable period from 1 to 3 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to Note 6(q) for further information (including rental income and related direct operating expense).

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

- (ii) As there is no readily comparable information regarding the fair value of the aforementioned investment property, management determined its fair value according to the latest prices within the vicinity. The inputs used to evaluate the fair value belonged to Level 3.
- (iii) As of both December 31, 2022 and 2021, investment property was pledged as collateral for short-term borrowings, please refer to Note 8.

(m) Short-term borrowings

- (i) The details of the Company's short-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Credit bank loans	\$ 1,100,000	900,000
Secured bank loans	-	100,000
	\$ 1,100,000	1,000,000
Range of interest rates at the end of period	1.55%~1.85%	0.80%~0.84%

- (ii) For the collateral for bank loans, please refer to Note 8.

(n) Short-term notes and bills payable

- (i) As of December 31, 2021, there were no short-term notes and bills payable. As of December 31, 2022, the short-term notes and bills payable were summarized as follows:

	December 31, 2022			
	Guarantee or acceptance institution	Contract period	Range of interest rates	Amount
Commercial paper payable	DAH CHUNG BILLS FINANCE CORP.	2022.12~ 2023.02	1.79%	\$ 200,000
Less: Discount on short-term notes and bills payable				(381)
Total				\$ 199,619

- (ii) The Company has not pledged any assets as collateral to guarantee the payment of short-term notes and bills payable.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(o) Long-term borrowings

(i) The details of the Company's long-term borrowings were as follows:

December 31, 2022				
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.60%~1.83%	2023.01~2039.03	\$ 237,340
Less: current portion				(13,915)
Total				<u>\$ 223,425</u>
Unused credit lines				<u>\$ -</u>
December 31, 2021				
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.10%~1.20%	2022.01~2039.03	\$ 251,369
Less: current portion				(14,325)
Total				<u>\$ 237,044</u>
Unused credit lines				<u>\$ -</u>

(ii) For the collateral for bank loans, please refer to Note 8.

(p) Lease liabilities

(i) The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	\$ 30,431	24,168
Non-current	117,387	123,239
	<u>\$ 147,818</u>	<u>147,407</u>

(ii) The amounts recognized in profit or loss were as follows :

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	<u>\$ 1,481</u>	<u>1,519</u>
Income from sub-leasing right-of-use assets	<u>\$ 5,015</u>	<u>4,637</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The amounts recognized in the statements of cash flows of the Company were as follows:

	For the years ended December 31	
	2022	2021
Interest payments for lease liabilities in operating activities	\$ 1,481	1,519
Payments of lease liabilities in financing activities	30,909	24,859
Total cash outflow for leases	\$ 32,390	26,378

(iii) Real estate leases

As of December 31, 2022 and 2021, the Company leases buildings for its office and warehouse space. The leases typically run for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(iv) For the Company's leased right-of-use assets under operating leases, please refer to Note 6(q).

(q) Operating leases

The Company leases out its investment property and right-of-use assets. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Notes 6(k) and 6(l).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	December 31, 2022	December 31, 2021
Less than one year	\$ 10,258	7,104
1 to 2 years	10,278	1,139
2 to 3 years	4,973	1,159
3 to 4 years	1,174	1,174
4 to 5 years	1,174	1,174
More than 5 years	391	1,565
Undiscounted lease payments	\$ 28,248	13,315

For the years ended December 31, 2022 and 2021, the amounts of rental income from investment property were \$4,625 thousand and \$2,880 thousand, respectively.

(r) Employee benefits – defined contribution plans

The Company allocates 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The Company's pension costs under the defined contribution method amounted to \$19,185 thousand and \$16,469 thousand for the years ended December 31, 2022 and 2021, respectively. Payment to the Bureau of Labor Insurance has been made.

(s) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

	For the years ended December 31	
	2022	2021
Current income tax expenses	\$ 80,905	98,674
Deferred income tax expenses	15,892	2,560
Income tax expenses	<u>\$ 96,797</u>	<u>101,234</u>

(ii) The Company had no income taxes expenses recognized directly in equity and other comprehensive income.

(iii) Reconciliation of income tax expenses and profit before income tax was as follows:

	For the years ended December 31	
	2022	2021
Profit before income tax	\$ 515,023	685,814
Income tax using the Company's domestic tax rate	103,005	137,163
Undistributed earnings additional tax	930	1,161
Non-deductible expenses	18,551	11,853
Tax-exempt income	(2,734)	(17,216)
Share of profit accounted for using equity method	(5,205)	(10,865)
Gains on evaluation of financial assets	(14,872)	(15,626)
Others	(2,878)	(5,236)
Income tax expense	<u>\$ 96,797</u>	<u>101,234</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iv) Deferred income tax assets and liabilities

The Company had no unrecognized deferred income tax assets and liabilities. Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

	Fair value gains and others				
Deferred income tax liabilities:					
Balance on January 1, 2022	\$		196		
Debit profit or loss			3,105		
Balance on December 31, 2022	\$		3,301		
Balance on January 1, 2021	\$		1,914		
Credit profit or loss			(1,718)		
Balance on December 31, 2021	\$		196		
		Inventory	Allowance		
		allowances	limit on		
			bad debts	Others	
				Total	
Deferred income tax assets:					
Balance on January 1, 2022	\$	(44,400)	(3,099)	(5,039)	(52,538)
Debit profit or loss		8,600	3,099	1,088	12,787
Balance on December 31, 2022	\$	(35,800)	-	(3,951)	(39,751)
Balance on January 1, 2021	\$	(44,400)	(8,065)	(4,351)	(56,816)
Debit profit or loss		-	4,966	(688)	4,278
Balance on December 31, 2021	\$	(44,400)	(3,099)	(5,039)	(52,538)

(v) The Company's income tax returns have been assessed and approved by the R.O.C. tax authority through the years to 2020.

(t) Capital and other equity

As of both December 31, 2022 and 2021, the Company's authorized shares amounted to \$2,500,000 thousand, divided into 250,000 thousand shares, with par value of \$10 per share. The issued 188,357 thousand shares comprised only ordinary shares, and all issued shares were paid up upon issuance.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(i) Capital surplus

The components of capital surplus were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Share capital premium	\$ 1,189,020	1,192,319
Treasury share transactions	54,637	54,637
Difference arising from subsidiary's share price and its carrying value from acquired or disposed of	27,984	27,984
Changes in equity of associates accounted under equity method and others	<u>1,106</u>	<u>979</u>
	<u>\$ 1,272,747</u>	<u>1,275,919</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends in proportion to shareholders held. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total paid-in capital. The capital increases by transferring capital surplus in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulatory agency.

(ii) Retained earnings

In accordance with the Articles of Association, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve shall be appropriated or reversed, according to operating requirements or regulations of the Company, after the payment of income tax and offsetting the accumulated losses from prior years. The remaining portion will be combined with the earnings from prior years, and the Board of Directors can propose the distribution plan to be approved during the shareholders' meeting. The abovementioned distribution plan, by way of cash dividends, should be approved by the Company's Board of Directors and should be reported during the Company's shareholder's meeting.

As the Company is in its growth phase, it has adopted a residual dividend policy to pay the dividends after the end of the year from the earnings of the current year and the accumulated earnings from prior years. If there are earnings at year end and the current unappropriated retained earnings exceeded the lower of 2% of the capital stock, the distribution ratio for dividends shall not be less than 10% of the current unappropriated retained earnings after taking into consideration the Company's profit, capital structure, and future operating needs. Dividends are distributed as either cash or stock, where cash dividends represent no less than 10% of the total dividends and the actual amount distributed is based on the amount approved by the Board of directors.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and provided that the balance of the reserve exceeds 25% of the Company's paid in capital.

2) Special reserve

In accordance with FSC, when distributing distributable earnings, the Company records the net decrease in other shareholders' equity from profit after income tax for the current period plus the current-period unappropriated retained earnings not included in the current profit after income tax and prior undistributed earnings to be added to special earnings reserve. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

If the subsidiary continues to hold the stocks of its parent company in the end of the period, with a market value lower than the book value, the Company shall allocate its special reserve, pro-rata to the shareholding percentage thereof, in an amount equals to the difference between the market value and the book value; also, the special reserve may not be distributed. If the market value subsequently increases, the Company may reverse the amount of special reserve, pro-rata to the shareholding percentage, corresponding to the amount by which the value has increased.

3) Earnings distribution

On February 24, 2022, cash dividends in the distribution plan for 2021 had been approved at the Board of Directors meeting, and other items of earnings distribution had been approved in shareholder's meeting on May 26, 2022. The cash dividends of earnings distribution for 2020 had been approved at the Board of Directors meeting on February 25, 2021, and other items of earnings distribution had been approved in shareholder's meeting on August 25, 2021.

	For the years ended December 31	
	2021	2020
Dividends to shareholders - cash, \$2.5 per share	\$ 470,894	470,894

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(u) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	For the years ended December 31	
	2022	2021
Basic earnings per share:		
Profit attributable to the Company	\$ <u>412,505</u>	<u>577,591</u>
Weighted-average number of ordinary shares outstanding (basic/thousand shares)	<u>188,357</u>	<u>188,357</u>
Earnings per share (dollars)	\$ <u>2.19</u>	<u>3.07</u>
	For the years ended December 31	
	2022	2021
Diluted earnings per share:		
Profit attributable to the Company	\$ <u>412,505</u>	<u>577,591</u>
Weighted-average number of ordinary shares outstanding (diluted/ thousand shares)	<u>189,979</u>	<u>190,083</u>
Earnings per share (dollars)	\$ <u>2.17</u>	<u>3.04</u>
	For the years ended December 31	
	2022	2021
Weighted-average number of ordinary shares outstanding (basic/ thousand shares)	188,357	188,357
Effect of employee remuneration	<u>1,622</u>	<u>1,726</u>
Weighted-average number of ordinary shares outstanding (diluted/thousand shares)	<u>189,979</u>	<u>190,083</u>

(v) Revenue from contracts with customers

(i) Details of revenue

	2022				
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Total
Major product/service lines:					
Sale of goods	\$ 3,798,413	4,172,376	909,271	293,487	9,173,547
Services rendered	-	-	-	679,359	679,359
Total	<u>\$ 3,798,413</u>	<u>4,172,376</u>	<u>909,271</u>	<u>972,846</u>	<u>9,852,906</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

	2021				Total
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	
Major product/service lines:					
Sale of goods	\$ 3,433,251	3,814,184	1,622,257	232,523	9,102,215
Services rendered	-	-	-	335,513	335,513
Total	<u>\$ 3,433,251</u>	<u>3,814,184</u>	<u>1,622,257</u>	<u>568,036</u>	<u>9,437,728</u>

(ii) Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable (including long-term)	\$ 126,490	275,999	172,478
Accounts receivable (including related parties)	2,435,272	2,257,816	1,720,950
Less: loss allowance	<u>(21,191)</u>	<u>(21,385)</u>	<u>(42,500)</u>
	<u>\$ 2,540,571</u>	<u>2,512,430</u>	<u>1,850,928</u>
Contract liability	<u>\$ 155,234</u>	<u>184,710</u>	<u>295,836</u>

- 1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(c).
- 2) The amounts of contract liability balance, recognized as revenue as of January 1, 2022 and 2021 at the beginning of the period, were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue Recognition	<u>\$ 167,106</u>	<u>264,198</u>

- 3) The major changes in the balance of contract asset and liability is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) Remuneration to employees and directors

In accordance with the Article of Association, once the Company has annual earnings, it should contribute 5% to 20% of the earnings as employee remuneration, and less than 1% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include the employees of the controlling or subsidiaries of the company who meet certain specific requirement. The aforementioned requirement and distribution methods should first be approved by the Company's Board of Directors or its authorized person. The Company estimated its remuneration to employees at \$44,651 thousand and \$59,513 thousand for the years ended December 31, 2022 and 2021, respectively, and estimated its remuneration to directors at \$4,186 thousand and \$5,580 thousand, respectively.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period, related information is available on the website of the Market Observation Post System. The differences between the estimated amounts and the actual amounts approved by the Board of directors for 2022, if any, shall be accounted for as changes in accounting estimates and recognized in 2023. The actual amounts distributed for 2021 and the estimated amounts for 2021 in the financial statements were the same.

(x) Non-operating income and expenses

(i) Other income

The Company's other income was as follows:

	For the years ended December 31	
	2022	2021
Rental income	\$ 16,619	9,917
Dividend income	13,671	7,812
	\$ 30,290	17,729

(ii) Other gains and losses

The Company's other gains and losses were as follows:

	For the years ended December 31	
	2022	2021
Net foreign exchange gains	\$ 17,528	21,868
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	63,620	76,542
Gain on disposal of non-current assets held for sale	-	57,528
Gain on disposal of subsidiaries	-	20,696
Loss on disposal of associates	(15)	-
Gains on disposal of property, plant and equipment	-	136
Revenue from system consulting and technical services	16,801	5,979
Others	12,098	7,110
	\$ 110,032	189,859

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iii) Finance costs

The Company's finance costs were as follows:

	For the years ended December 31	
	2022	2021
Interest on bank loans	\$ 14,293	8,926
Interest on lease liabilities	1,481	1,519
	\$ 15,774	10,445

(y) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

The Company's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default if necessary. The Company assesses the ratings based on publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and the credit rating of counterparties, transaction amount to all qualified customers, and review annually the credit limit of counterparties, so as to manage risk exposure.

2) Other financial assets

The credit risk exposure in cash and cash equivalents, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

The carrying amount of financial assets, represents the maximum amount exposed to credit risk. As of December 31, 2022 and 2021, the maximum exposure to credit risk amounted to \$3,538,464 thousand, and \$3,289,153 thousand, respectively.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss –					
Contingent considerations arising from business combinations					
(Current and Non-current)	\$ 63,144	91,660	-	91,660	-
Long-term and short-term borrowings	1,337,340	1,372,161	1,120,294	71,635	180,232
Short-term notes and bills payable	199,619	200,000	200,000	-	-
Lease liabilities	147,818	151,415	31,699	111,490	8,226
Accounts payable	1,711,387	1,711,387	1,711,387	-	-
Other payables	281,534	281,534	281,534	-	-
Guarantee deposits	959	959	-	959	-
Derivative financial liabilities					
Outflow	13,651	840,752	840,752	-	-
Inflow	-	(827,101)	(827,101)	-	-
	<u>\$ 3,755,452</u>	<u>3,822,767</u>	<u>3,358,565</u>	<u>275,744</u>	<u>188,458</u>
December 31, 2021					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss –					
Contingent considerations arising from business combinations					
(Current and Non-current)	\$ 103,222	147,776	5,609	142,167	-
Long-term and short-term borrowings	1,251,369	1,276,443	1,018,052	68,612	189,779
Lease liabilities	147,407	151,956	25,467	94,387	32,102
Accounts payable	1,177,226	1,177,226	1,177,226	-	-
Other payables	330,428	330,428	330,428	-	-
Guarantee deposits	897	897	-	897	-
Derivative financial liabilities					
Outflow	2,286	400,463	400,463	-	-
Inflow	-	(398,177)	(398,177)	-	-
	<u>\$ 3,012,835</u>	<u>3,087,012</u>	<u>2,559,068</u>	<u>306,063</u>	<u>221,881</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD/NTD	\$ 4,294	30.73	131,947	1,709	27.68	47,299
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD/NTD	\$ 33,044	30.73	1,015,441	13,578	27.68	375,828

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, and accounts payable denominated in foreign currency. To avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows resulted from changes in exchange rates, the Company uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of December 31, 2022 and 2021, with all other variables including derivative financial instruments remaining constant, would have decreased or increased the profit before income tax by \$1,414 thousand and \$656 thousand for the years ended December 31, 2022 and 2021, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The Company's functional currency is NTD, and foreign exchange gain (loss) on monetary items are recognized as foreign exchange gain (loss); please refer to Note 6(x) for details.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iv) Interest rate analysis

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Variable-rate instrument:		
Financial assets	\$ 424,598	385,615
Financial liabilities	(1,536,959)	(1,251,369)
	\$ (1,112,361)	(865,754)

According to the Company's sensitivity analysis of risk exposure to non-derivative instruments on the reporting date, if the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's profit before income tax would have decreased or increased by \$2,781 thousand and \$2,164 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly due to interest rate risk exposures on variable-rate bank deposits, long-term and short-term borrowings and short-term notes and bills payable.

(v) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The following sets out carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy but excluding financial instruments not measured at fair value with carrying amount reasonably close to their fair value, and lease liabilities, disclosure of fair value information is not required:

	Carrying amount	December 31, 2022			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	\$ 623	-	-	623	623
Foreign and domestic unlisted stocks	280,153	-	-	280,153	280,153
Domestic unlisted equities	230,691	-	-	230,691	230,691
	\$ 511,467				

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

	December 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost					
Cash and cash equivalents	\$ 424,848				
Notes and accounts receivable, net (including long-term and related parties)	2,540,571				
Other receivables	5,918				
Refundable deposits	<u>55,660</u>				
	<u>\$ 3,026,997</u>				
Financial liabilities at fair value through profit or loss					
Pre-purchased forward exchange contracts	\$ 13,651	-	-	13,651	13,651
Contingent considerations arising from business combinations	<u>63,144</u>	-	-	63,144	63,144
	<u>\$ 76,795</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 1,337,340				
Short-term notes and bills payable	199,619				
Lease liabilities	147,818				
Accounts payable	1,711,387				
Other payables	281,534				
Guarantee deposits	<u>959</u>				
	<u>\$ 3,678,657</u>				

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Foreign and domestic unlisted stocks	\$ 240,694	-	-	240,694	240,694
Domestic unlisted equities	<u>97,602</u>	-	-	97,602	97,602
	<u>\$ 338,296</u>				
Financial assets at amortized cost					
Cash and cash equivalents	\$ 385,915				
Notes and accounts receivable, net (including long-term and related parties)	2,512,430				
Other receivables	1,878				
Refundable deposits	<u>50,634</u>				
	<u>\$ 2,950,857</u>				
Financial liabilities at fair value through profit or loss					
Pre-purchased foreign currency forward contracts	\$ 2,286	-	-	2,286	2,286
Contingent considerations arising from business combinations	<u>103,222</u>	-	-	103,222	103,222
	<u>\$ 105,508</u>				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 1,251,369				
Lease liabilities	147,407				
Accounts payable	1,177,226				
Other payables	330,428				
Guarantee deposits	<u>897</u>				
	<u>\$ 2,907,327</u>				

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

2) Valuation techniques for financial instruments measured at fair value

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth and the price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the consideration for payment, by the discounted present value.

Measurement of the fair value of derivative instruments is based on the valuation techniques accepted by the market participants, such as the discounted cash flow or option pricing models. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There was no transfers between the level 1 and level 2 of fair value hierarchy for the years ended December 31, 2022 and 2021.

4) Reconciliation of Level 3 fair values

	Measured at fair value through profit or loss	Non-derivative financial assets (liabilities) measured at fair value through profit or loss
	Derivative financial assets (liabilities)	
January 1, 2022	\$ (2,286)	235,074
Recognized in profit or loss	(10,742)	74,362
Additions	-	130,856
Decrease of contingent considerations	-	7,408
December 31, 2022	<u>\$ (13,028)</u>	<u>447,700</u>
January 1, 2021	\$ (655)	76,463
Recognized in profit or loss	(1,631)	78,132
Additions	-	100,000
Contingent considerations payments	-	3,777
Contingent considerations arising from business combinations	-	(23,298)
December 31, 2021	<u>\$ (2,286)</u>	<u>235,074</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The aforementioned total gains and losses that were recognized in “other gains and losses”. The gains or losses attributable to the assets and liabilities held on December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Total gains and losses		
Recognized in profit or loss (recognized as other gains and losses)	\$ <u>61,334</u>	<u>75,846</u>

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and derivative financial instruments.

The fair value of derivative financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Company did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Quantified information on other significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interrelationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss investments in equity instrument without active market	Comparable listed companies approach	· Market liquidity discount rate (23.63%~27.08% as of December 31, 2022, 25.00%~31.34% as of December 31, 2021)	· The higher the market liquidity discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss-Contingent considerations arising from business combinations	Discounted cash flow methods	· Discount rate (8.81%~18.35% as of December 31, 2022, 8.19%~14.75% as of December 31, 2021)	· The higher the discount rate, the lower the fair value

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit:

	<u>Inputs</u>	<u>Current profit (loss) arising from changes in fair value</u>	
		<u>10% increase</u>	<u>10% decrease</u>
December 31, 2022			
Financial assets (liabilities) at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	\$ <u>(36,719)</u>	<u>36,719</u>
Contingent considerations arising from business combinations	Discount for discount rate	\$ <u>2,063</u>	<u>(2,176)</u>
December 31, 2021			
Financial assets (liabilities) at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	\$ <u>(33,780)</u>	<u>33,780</u>
Contingent considerations arising from business combinations	Discount for discount rate	\$ <u>3,223</u>	<u>(3,399)</u>

(z) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Company. For more details about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities, so as to minimize risk exposure.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

The Board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

(aa) Capital management

The Board's policy is to maintain a strong capital base, in order to maintain investor, creditor, and market confidence. Capital consists of ordinary shares, capital surplus and retained earnings. As of December 31, 2022, the Company had sufficient capital to meet the needs for working capital and other expenditure in the next 12 months. The Company's approach to capital management has not changed on each reporting date.

As of December 31, 2022 and 2021, the debt ratios were 49% and 43%, respectively.

(ab) Investing and financing activities not affecting current cash flow

- (i) For the acquisition of right-of-use assets by lease, please refer to Note 6(k).
(ii) The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long-term borrowings	\$ 251,369	(14,029)	-	237,340
Short-term borrowings	1,000,000	100,000	-	1,100,000
Short-term notes and bills payable	-	199,619	-	199,619
Guarantee deposits	897	62	-	959
Lease liabilities	<u>147,407</u>	<u>(30,909)</u>	<u>31,320</u>	<u>147,818</u>
Total liabilities from financing activities	<u>\$ 1,399,673</u>	<u>254,743</u>	<u>31,320</u>	<u>1,685,736</u>
	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings	\$ 265,529	(14,160)	-	251,369
Short-term borrowings	300,000	700,000	-	1,000,000
Guarantee deposits	1,227	(330)	-	897
Lease liabilities	<u>167,008</u>	<u>(24,859)</u>	<u>5,258</u>	<u>147,407</u>
Total liabilities from financing activities	<u>\$ 733,764</u>	<u>660,651</u>	<u>5,258</u>	<u>1,399,673</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Qisda Corporation (“Qisda”) is both the parent company and the ultimate controlling party of the Company. As of December 31, 2022 and 2021, Qisda holds 51.41% of the number of ordinary shares outstanding of the Company, and it has prepared the consolidated financial statements for public use.

(b) Names and relationship with related parties

The followings are the subsidiaries and related parties that have had transactions with the Company during the periods covered in the parent company only financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
Qisda Corporation (Qisda)	Parent of the Company
GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Subsidiary of the Company
EPIC CLOUD CO., LTD. (EPIC CLOUD)	Subsidiary of the Company
ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Subsidiary of the Company
APEO Human Capital Services Corp. (APEO Human Capital)	Subsidiary of the Company
STATINC COMPANY (STATINC)	Subsidiary of the Company
DKABio Co., Ltd. (DKABio)	Subsidiary of the Company
COREX (PTY) LTD. (COREX)	Subsidiary of the Company
Metaguru Corporation (Metaguru)	Subsidiary of the Company (Note 1)
DAWNING TECHNOLOGY INC. (DAWNING TECHNOLOGY)	Subsidiary of the Company (Note 2)
NEO TREND TECH CORPORATION (NEO TREND TECH)	Subsidiary of the Company (Note 3)
GRANDSYS INC. (GRANDSYS)	Associate of the Company
BenQ Foundation	Substantive related party
BenQ Material Corporation (BenQ Material)	It and the Company have the same ultimate parent company
Partner Tech Corporation (Partner Tech)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
DFI Inc. (DFI)	It and the Company have the same ultimate parent company
BenQ AB DentCare Corp. (BenQ AB DentCare)	It and the Company have the same ultimate parent company

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company
ACE PILLAR CO., LTD. (ACE PILLAR)	It and the Company have the same ultimate parent company
BenQ Asia Pacific Corporation (BenQ Asia Pacific)	It and the Company have the same ultimate parent company
Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	It and the Company have the same ultimate parent company
Webest Solution Corporation (Webest Solution)	It and the Company have the same ultimate parent company
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company
HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)	It and the Company have the same ultimate parent company (Note 3)
BenQ Guru Holding limited(GSH)	It and the Company have the same ultimate parent company
Concord Medical Co., Ltd (Concord)	It and the Company have the same ultimate parent company
BENQ HEALTHCARE CORPORATION (BHS)	It and the Company have the same ultimate parent company
ACE Energy Co., Ltd. (ACE Energy)	It and the Company have the same ultimate parent company
GOLDEN SPIRIT CO., LTD. (GOLDEN SPIRIT)	It and the Company have the same ultimate parent company
AU Optronics Corporation (AUO)	Associate of the parent company
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
AUO Education Service Corp. (AUO Education Service)	Subsidiary of AUO
Key management personnel	Key management personnel of the Company

Note 1: Metaguru Corporation's original name was BenQ Guru Corporation, and its original ultimate parent company is same as the Company. The Company had fully acquired Metaguru on December 1, 2022, and it became the Company's subsidiary.

Note 2: As of January 4, 2021, the Company sold the entire shares of its subsidiary, DAWNING TECHNOLOGY, resulting in a loss of control over it. Thereafter, DAWNING TECHNOLOGY is no longer a related party of the Company.

Note 3: As of February 26, 2021, the Company sold the entire shares of its subsidiary, NEO TREND TECH, resulting in a loss of control over it. Thereafter, NEO TREND TECH is no longer a related party of the Company.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31	
	2022	2021
Parent company	\$ 1,023	126,885
Subsidiaries	126,094	65,328
Associates	7,857	2,337
Other associates	<u>62,714</u>	<u>95,515</u>
	<u>\$ 197,688</u>	<u>290,065</u>

The selling price offered to related parties approximated the market price, and the credit terms. For the years ended December 31, 2022 and 2021, were either based on terms ranging from 30 to 120 days after the end of the month or the terms stated in the contract. Receivables from related parties were not pledged as collateral, and no allowance was needed to provide for impairment loss after assessment.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31	
	2022	2021
Subsidiaries	\$ 27,310	12,649
Other associates	<u>627</u>	<u>326</u>
	<u>\$ 27,937</u>	<u>12,975</u>

Purchase prices and payment terms from related parties were not significantly different from those of regular suppliers. The payment terms for the years ended December 31, 2022 and 2021, ranged from 30 to 60 days after the end of the month.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
Accounts receivable (including long-term)	Parent company	\$ 65,807	99,293
Accounts receivable	Subsidiaries	45,170	17,016
Accounts receivable	Associates	358	1,890
Accounts receivable	Other associates	<u>6,478</u>	<u>16,002</u>
		<u>\$ 117,813</u>	<u>134,201</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Category of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries	\$ 3,136	2,068
Accounts payable	Other associates	16	8
		<u>\$ 3,152</u>	<u>2,076</u>

(v) Lease

1) Lessor

The Company leased out buildings to its related parties. The amounts of rental income were as follows:

<u>Lessee</u>	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries:		
GLOBAL INTELLIGENCE NETWORK	\$ 6,727	5,697
Other subsidiaries	1,773	-
Other Associates:		
DFI	6,035	2,012
	<u>\$ 14,535</u>	<u>7,709</u>

As of December 31, 2022 and 2021, the rental amount of \$169 thousand and \$0 thousand, respectively, had not been received by the Company, and was recorded under other current assets. The deposit and rent were determined with reference to the market price of the nearby offices, and the rent was collected on a monthly basis.

2) Lessee

The Company rented buildings from GLOBAL INTELLIGENCE NETWORK and entered into 3-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2022 and 2021, the Company recognized the amounts of \$27 thousand and \$8 thousand, respectively, as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$5,226 thousand and \$401, respectively.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(vi) Guarantee and endorsements

The company guarantees and endorsements for related parties are as follows:

Counterparty of guarantees and endorsements	December 31, 2022	December 31, 2021
Subsidiaries		
COREX	\$ 150,000	221,440
GLOBAL INTELLIGENCE NETWORK	-	100,000
	\$ 150,000	321,440

(vii) Services revenue

The Company provided system consulting and project supporting services to its related parties. The amounts of services revenue were as follows:

	For the years ended December 31	
	2022	2021
Subsidiaries		
GLOBAL INTELLIGENCE NETWORK	\$ 11,173	4,372
EPIC CLOUD	5,628	1,607
	\$ 16,801	5,979

The outstanding balances for providing system consulting and project supporting services to its related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
	Subsidiaries		
Other current assets- other receivables	GLOBAL INTELLIGENCE NETWORK	\$ 3,517	1,148
Other current assets- other receivables	EPIC CLOUD	1,788	422
		\$ 5,305	1,570

(viii) Donation

For the years ended December 31, 2022 and 2021, the company made donations of \$3,000 thousand and \$2,000 thousand, respectively, to its substantive related party, BenQ Foundation.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

- (ix) Investments accounted for using equity method acquired

The Company acquired investments accounted for using equity method from its related parties.

<u>Account</u>	<u>Category of related party</u>	<u>For the years ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Investments accounted for using equity method	Other associates- GHS	\$ 31,000	-
Investments accounted for using equity method	Subsidiaries- GLOBAL INTELLIGENCE NETWORK	-	100
Investments accounted for using equity method	Other associates- Partner Tech	-	140,000
		<u>\$ 31,000</u>	<u>140,100</u>

- (x) Disposal of investments accounted for using equity method

As of February 2021, the Company sold 1 thousand shares of STATINC to its subsidiary, EPIC CLOUD, at the amount of \$40 thousand, wherein the price had been fully received.

- (xi) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant outstanding balances by related parties were as follows:

	<u>Cost and expense</u>		<u>Other payables</u>	
	<u>For the years ended</u>		<u>December</u>	<u>December</u>
	<u>December 31</u>			
	<u>2022</u>	<u>2021</u>	<u>31, 2022</u>	<u>31, 2021</u>
Parent Company	\$ 790	963	100	-
Subsidiaries	1,773	989	439	456
Other associates	1,562	571	57	80
	<u>\$ 4,125</u>	<u>2,523</u>	<u>596</u>	<u>536</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 50,276	58,699
Post-employment benefits	524	622
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	-
	<u>\$ 50,800</u>	<u>59,321</u>

(8) Pledged assets:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Object	December 31, 2022	December 31, 2021
Property, plant and equipment	Long-term and short-term borrowings	\$ 431,839	732,888
Investment property	Short-term borrowings	-	36,169
		<u>\$ 431,839</u>	<u>769,057</u>

(9) Significant commitments and contingencies:

- (a) The promissory notes, issued by the Company for loans from financial institutions, forward exchange transactions, and purchase limits, are detailed as follows:

	Currency	December 31, 2022	December 31, 2021
Promissory notes issued	NTD	<u>\$ 4,865,000</u>	<u>4,915,000</u>
	USD	<u>\$ 4,500</u>	<u>14,350</u>

- (b) For the amounts of guarantees and endorsements for related parties, please see Note 7(c) 6.

(10) Losses due to major disasters:None

(11) Subsequent Events:None

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(12) Others:

The summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function	For the years ended December 31,	
		2022	2021
		Operating expenses	Operating expenses
Employee benefits			
Salary		491,980	429,458
Labor and health insurance		40,726	35,322
Pension		19,185	16,469
Benefits of directors		15,227	16,666
Other employee benefits expense		23,216	22,726
Depreciation		65,981	57,625
Amortization		745	769

Note: Excluding the depreciation of the investment property-buildings (classified as other income) amounted to \$402 thousand and \$281 thousand for the years ended December 31, 2022 and 2021, respectively.

The following were the additional information on the Company's employees and employee benefits for the years ended December 31, 2022 and 2021:

	For the years ended December 31	
	2022	2021
Numbers of employees	<u>504</u>	<u>452</u>
Numbers of directors, but not employees concurrently	<u>5</u>	<u>6</u>
The average employee benefits	<u>\$ 1,153</u>	<u>1,130</u>
The average salaries	<u>\$ 986</u>	<u>963</u>
Adjustment of the average salaries	<u>2.39 %</u>	
Benefits of supervisors	<u>\$ -</u>	<u>-</u>

The following was the information about the Company's benefits policies (including directors, executive officers and employees):

The Company's directors' benefits consisted of remuneration and compensation. In accordance with the pre-amended Article of Association of the Company, the Company should contribute less than 2 percent as directors' remuneration when there is profit for the year. On August 25, 2021, the Company amended its Article of Association based on the resolution approved during the annual shareholders' meeting. In accordance with the amended Article of Association, once the Company has annual earnings, it should contribute less than 1% as directors' remuneration. The compensation is evaluated by Human Resources Department and based on competitive environment and operational risk. It is proposed by management after considering regulation and bonus plan then submitted to the Board of Directors for approval.

The benefits of executive officers and employees consisted of fixed salary and variable salary. The former is basic salaries of employees and the latter is connected to operational performance and strategic objectives that the Company wants to achieve. The Company's benefits policies are proposed by Human Resources Department, which is based on management regulation and bonus plan and then submitted to the Board of Directors for approval.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2022:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company guarantees/endorsements to third parties on behalf of subsidiary	Subsidiary guarantees/endorsements to third parties on behalf of parent company	Guarantees/endorsements to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	COREX	Subsidiary of Partner Tech	(Note 1)	309,400	150,000	110,746	-	3.54 %	(Note 1)	Y	-	-
0	the Company	GLOBALIN TELLIGEN CENETWORK	"	"	100,000	-	-	-	- %	"	Y	-	-

Note 1: The amount of the guarantees and endorsements for a single entity company shall not exceed 20% of the Company's net worth of \$848,447 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth of \$2,121,118 thousand.

- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

Holder name	Category and name of security	Relationship with company	Account	Ending balance				Remark
				Shares/Units	Carrying amount	Percentage of Ownership (%)	Fair value	
the Company	Stock:							
	DYNASAFE TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through profit or loss	3,906	274,009	19.53	274,009	(Note 1)
"	CDS Holdings Limited	-	"	600	-	1.11	-	"
"	YOBON TECHNOLOGIES, INC	-	"	3	-	0.42	-	"
"	Touch Cloud Inc.	-	"	200	572	1.50	572	"
"	Gemini Data, Inc.	-	"	2,706	5,173	1.23	5,173	"
"	KINGTEL CORPORATION	-	"	443	399	18.09	399	"
	Equity:							
"	Taiwania Capital Buffalo Fund V, LP.	-	"	(Note 2)	199,835	12.78	199,835	"
"	New Economy Ventures L.P.	-	"	(Note 2)	30,856	7.36	30,856	"
					<u>510,844</u>		<u>510,844</u>	

Note 1: Unlisted company.
Note 2: Limited partnership.

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (ix) Trading in derivative instruments:Please refer to notes the Company's consolidated financial statem Note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying amount			
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	119,142	119,142	10,475	79.36 %	182,615	10,752	8,538	(Note 1)
"	EPIC CLOUD	Taiwan	Data software and data processing services	27,500	50,000	2,750	100.00 %	4,427	(23,008)	(23,008)	(Note 1 and 4)
"	COREX	South Africa	Import and export of electronic products for sale and purchase	251,872	251,872	1	100.00 %	268,772	(23,559)	(24,646)	(Note 1)
"	STATINC	Taiwan	Market research, management consulting and data processing services	69,983	69,983	1,754	34.99 %	82,195	(5,708)	(2,660)	(Note 1)
"	UNISAGE	Taiwan	Medical equipment manufacturing	-	506	-	- %	-	-	-	(Note 2 and 3)
"	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	20.96 %	112,741	48,595	7,205	(Note 2)
"	ADVANCEDTEKINTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	39,263	21,266	7,251	(Note 1)
"	Everlasting Digital ESG	Taiwan	Development and sale of software	5,000	5,000	500	29.41 %	3,113	(3,746)	(1,020)	(Note 2)
"	Metaguru	Taiwan	R&D and sales of computer information systems	31,000	-	1,712	100.00 %	29,054	7,074	7,074	(Note 1)
EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	172	10	0.08 %	172	10,752	-	(Note 1)
"	STATINC	Taiwan	Market research, management consulting and data processing services	40	40	1	0.02 %	40	(5,708)	-	(Note 1)

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying amount			
ADVANCEDTEK INTERNATIONAL	APEO Human Capital	Taiwan	Applications of software implementing services	2,060	2,060	200	100.00 %	2,852	65	65	(Note 1)
STATINC	DKABio	Taiwan	Market research, management consulting and data processing service	20,000	20,000	2,000	100.00 %	12,450	(6,462)	(6,462)	(Note 1)

Note 1: Subsidiary of the Company.

Note 2: Associates of the Company

Note 3: The investee company has been liquidated on October 12, 2022.

Note 4: The investee company performs a capital reduction to offset the accumulated deficit in August 2022. The amounts of capital reduction and reduced shares amounted to \$22,500 thousand and 2,250 thousand shares, respectively.

(c) Information on investment in Mainland China:None

(d) Major shareholders:

Unit: share

Major shareholders	Shareholding	Shareholding	Percentage of Ownership
Qisda		96,841,239	51.41 %

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)**Statement of cash and cash equivalents****December 31, 2022****(In thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 250
Checking and demand deposits	NTD	300,270
	USD 4,045,808.97; Exchange rate 30.73	<u>124,328</u>
Total		<u>\$ 424,848</u>

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statement of notes and accounts receivables (including long-term and related parties)

December 31, 2022

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Notes receivable		
STARK TECHNOLOGY INC.	Operating revenue of non-related parties	\$ 27,310
OPENPOWER INFORMATION CO., LTD.	"	20,457
ROO HSING CO., LTD.	"	12,486
AZION CORPORATION	"	11,970
SILVERSHINE TECHNOLOGY INC.	"	11,620
LANTEL TELECOMMUNICATION CORP.	"	11,191
Others (individual amount not exceeding 5%)	"	<u>31,456</u>
Subtotal		<u>126,490</u>
Accounts receivable:		
ADVANCED COMMUNICATION TECHNOLOGY & SOLUTIONS CORPORATION	"	281,134
GENESIS TECHNOLOGY INC.	"	216,835
NTT TAIWAN LTD.	"	165,739
SYSTEX CORPORATION	"	140,836
Others (individual amount not exceeding 5%)	"	<u>1,512,915</u>
Subtotal		<u>2,317,459</u>
Accounts receivable due from related parties:		
Qisda Corporation	Operating revenue of related parties	65,807
GLOBAL INTELLIGENCE NETWORK CO., LTD.	"	34,118
EPIC CLOUD CO., LTD.	"	11,028
Others (individual amount not exceeding 5%)	"	<u>6,860</u>
Subtotal		<u>117,813</u>
		2,561,762
Less: Loss allowance		<u>(21,191)</u>
Total		<u>\$ 2,540,571</u>

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statement of inventories

December 31, 2022

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Cost</u>	<u>Net realizable value</u>
Merchandise inventory	\$ 3,093,551	<u>3,223,898</u>
Less: Inventory allowances	<u>(179,000)</u>	
Total	<u>\$ 2,914,551</u>	

Statement of other current assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayments to suppliers	Prepaid suppliers' payment	\$ 3,643
Prepaid expenses	Prepaid insurance, systems and rent, etc.	6,865
Other receivables	System consulting and project supporting revenue, etc.	5,918
Others	Tax overpaid retained for offsetting the future tax payable and payment on behalf of others, etc.	<u>162</u>
Total		<u>\$ 16,588</u>

METAAGE CORPORATION (Original Name : SYSAGE TECHNOLOGY CO., LTD.)

Statement of changes in Non-current financial assets at fair value through profit or loss

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning balance		Additions		Disposal		Other adjustments (Note 1)		Ending balance		Pledged or guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	
DYNASAFE TECHNOLOGIES, INC.	3,906	\$ 227,410	-	-	-	-	-	46,599	3,906	274,009	None
YOBON TECHNOLOGIES, INC.	3	(Note 2)	-	-	-	-	-	-	3	(Note 2)	"
CDS Holdings Limited	600	(Note 2)	-	-	-	-	-	-	600	(Note 2)	"
Touch Cloud Inc.	200	856	-	-	-	-	-	(284)	200	572	"
Gemini Data, Inc.	2,706	10,930	-	-	-	-	-	(5,757)	2,706	5,173	"
KINGTEL CORPORATION	443	1,498	-	-	-	-	-	(1,099)	443	399	"
Taiwan Capital Buffalo Fund V, LP.	(Note 3)	97,602	(Note 3)	100,000	-	-	-	2,233	(Note 3)	199,835	"
New Economy Ventures L.P.	-	-	(Note 3)	30,856	-	-	-	-	(Note 3)	30,856	"
Total		\$ 338,296		130,856		-		41,692		510,844	

Note 1: Gains (losses) from financial assets at fair value through profit or loss.

Note 2: All impairment losses have been recognized.

Note 3: Limited company.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning balance(Restated)		Addition		Decrease		Other adjustments (Note 1)		Ending balance			Market value or net assets value	Pledged or guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Percentage of shareholding	Amount		
GLOBAL INTELLIGENCE NETWORK CO., LTD.	10,475	\$ 205,502	-	-	-	-	-	(22,887)	10,475	79.36 %	182,615	182,615	None
EPIC CLOUD CO., LTD.	5,000	27,428	-	-	(2,250)	-	-	(23,001)	2,750	100.00 %	4,427	4,427	"
ADVANCEDTEK INTERNATIONAL CORP.	1,153	35,489	-	-	-	-	-	3,774	1,153	34.09 %	39,263	27,132	"
STATINC COMPANY	1,754	86,493	-	-	-	-	-	(4,298)	1,754	34.99 %	82,195	33,865	"
COREX (PTY) LTD	1	286,481	-	-	-	-	-	(17,709)	1	100.00 %	268,772	161,623	"
Metaguru Corporation	5,760	78,580	1,612	-	(5,660)	(56,600)	-	7,074	1,712	100.00 %	29,054	29,054	"
UNISAGE DIGITAL CO., LTD.	67	580	-	-	(67)	(580)	-	-	-	-	-	-	(Note 3)
GRANDSYS INC.	5,643	105,599	-	-	-	-	-	7,142	5,643	20.96 %	112,741	66,259	None
Everlasting Digital ESG Co., Ltd.	500	4,133	-	-	-	-	-	(1,020)	500	29.41 %	3,113	3,113	"
Total		\$ 830,285		-		(57,180)		(50,925)			722,180	508,088	

Note 1: Other adjustments include the share of profits and losses of subsidiaries and associates accounted for using equity method, share of other comprehensive income of subsidiaries and associates for using equity method, adjustments for proceeds from the disposal of forfeited funds from employee stock ownership trust, cash dividends, adjustments for subscriptions that are not based on shareholding ratios and adjustments for contingent considerations.

Note 2: The difference between the ending balance and market value or net equity mainly arose from goodwill, etc.

Note 3: The investee company has been liquidated.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)**Statement of changes in property, plant and equipment****For the year ended December 31, 2022****(In thousands of New Taiwan Dollars)**

Please refer to Note 6(j) for Property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to Note 6(k) for Right-of-use assets.

Statement of changes in investment property

Please refer to Note 6(l) for Investment property.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statement of other non-current assets

December 31, 2022

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Refundable deposits	Refundable deposits of golf club, bid bond and deposits for renting buildings and cars, etc.	\$ 55,660
Other assets	Office ornaments	12,800
Long-term prepaid expenses	ICT software	<u>1,296</u>
Total		<u><u>\$ 69,756</u></u>

Statement of short-term borrowings

<u>Name of bank</u>	<u>Description</u>	<u>Term of contract</u>	<u>Interest rate</u>	<u>Credit lines</u>	<u>Amount</u>	<u>Pledged or guaranteed</u>
Shanghai Commercial & Savings Bank	Credit loans	2022.06.05~ 2023.06.05	1.68%	450,000	\$ 50,000	None
Land Bank of Taiwan	"	2022.06.29~ 2023.06.29	1.80%	150,000	150,000	"
Yuanta Commercial Bank	"	2022.08.24~ 2023.08.24	1.55%	200,000	200,000	"
CTBC Bank	"	2022.06.30~ 2023.06.30	1.80%	300,000	300,000	"
First Commercial Bank	"	2022.12.22~ 2023.12.22	1.83%	300,000	200,000	"
Taishin International Bank	"	2022.06.30~ 2023.06.30	1.80%~ 1.85%	500,000	<u>200,000</u>	"
Total					<u><u>\$ 1,100,000</u></u>	

METAAGE CORPORATION (Original Name : SYSAGE TECHNOLOGY CO., LTD.)

Statement of short-term bills payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(n) for Short-term notes and bills payable.

Statement of long-term borrowings

<u>Bank</u>	<u>Description</u>	<u>Amount</u>	<u>Term of contract</u>	<u>Interest rate</u>	<u>Pledged or guaranteed</u>
Mega International Commercial Bank	Secured loans	\$ 103,626	2017.10~2037.10	1.83%	Note
E.SUN Commercial Bank	"	92,145	"	1.68%	"
Land Bank of Taiwan	"	41,569	2019.03~2039.03	1.60%	"
Less: Current portion		<u>(13,915)</u>			
		<u>\$ 223,425</u>			

Note : Property, plant and equipment were pledged as collateral for loans.

Statement of accounts payable

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cisco International Limited	Purchases and operating cost	\$ 812,164
DELL TAIWAN B.V.	"	256,970
Others (individual amount not exceeding 5%)	"	<u>642,253</u>
Total		<u>\$ 1,711,387</u>

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statement of other payables

December 31, 2022

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accrued payroll	Salary and bonus	\$ 105,868
Remuneration due to employees, directors and supervisors	Accrued remuneration due to employees and directors for the year ended December 31,2022	48,837
Income taxes payable	Accrued Income taxes payable for the year ended December 31,2022	87,177
Others (individual amount not exceeding 5%)		<u>126,829</u>
Total		<u><u>\$ 368,711</u></u>

Statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending Balance</u>	<u>Note</u>
Lease Liabilities	Buildings	2022.01~2028.05	0.86%~0.96%	<u>\$ 147,818</u>	
Current				\$ 30,431	
Non-current				<u>117,387</u>	
				<u><u>\$ 147,818</u></u>	

Statement of other non-current liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Guarantee deposits		\$ 959
Deferred income tax liabilities – non-current		3,301
Others		<u>157</u>
Total		<u><u>\$ 4,417</u></u>

METAAGE CORPORATION (Original Name : SYSAGE TECHNOLOGY CO., LTD.)**Statement of operating revenue****For the year ended December 31, 2022****(In thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Sales revenue	\$ 9,185,380
Services revenue	<u>680,046</u>
	9,865,426
Less: Sales returns	2,973
Sales and services discounts and allowances	<u>9,547</u>
Operating revenue	<u><u>\$ 9,852,906</u></u>

Statement of operating costs

<u>Item</u>	<u>Amount</u>
Inventories on January 1, 2022	\$ 2,682,115
Add: Purchases	8,891,021
Less: Inventories on December 31, 2022	3,093,551
Scrap of inventories	43,161
Transfer to property, plant and equipment and miscellaneous	<u>30,018</u>
Costs of sales	8,406,406
Add: Technical service cost	122,271
Loss on scrap of inventories	43,161
Less: Gain on reversal of decline in value of inventories	<u>43,000</u>
Operating costs	<u><u>\$ 8,528,838</u></u>

METAAGE CORPORATION (Original Name : SYSAGE TECHNOLOGY CO., LTD.)**Statement of selling, general and administrative, research and development expenses****For the year ended December 31, 2022****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Selling expenses</u>	<u>General and administrative expenses</u>	<u>Research and development expenses</u>
Salaries (including remuneration of employees and directors)	\$ 392,041	96,167	18,999
Depreciation	51,630	11,433	2,918
Entertainment expense	134,547	807	-
Other expenses(individual amount not exceeding 5%)	<u>148,432</u>	<u>48,839</u>	<u>7,556</u>
Total	<u>\$ 726,650</u>	<u>157,246</u>	<u>29,473</u>