

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

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022 (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' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.

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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' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) and its subsidiaries (“the Group”) as of September 30, 2023 and 2022 (restated), the related consolidated statements of comprehensive income for the three and six months ended September 30, 2023 and 2022 (restated), as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022 (restated), and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusions

As stated in Note 4(b), the consolidated financial statements included in the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,761,526 thousand and \$1,282,692 thousand, constituting 18% and 14% of the consolidated total assets as of September 30, 2023 and 2022 (restated), respectively; and the total liabilities amounting to \$1,092,823 thousand and \$653,137 thousand, both constituting 20% and 14% of consolidated total liabilities; as well as the absolute value of total comprehensive income amounting to \$10,488 thousand, \$41,833 thousand, \$68,604 thousand and \$57,138 thousand, constituting 6%, 23%, 13% and 15% of the absolute value of consolidated total comprehensive income for the three and nine months ended September 30, 2023 and 2022 (restated), respectively.

Furthermore, as stated in Note 6(g), the investments accounted for using equity method of the Group in its investee companies of \$112,935 thousand and \$111,232 thousand, as of September 30, 2023 and 2022 (restated), respectively, and its related share of profit of associates accounted for using equity method of \$592 thousand, \$2,758 thousand, \$2,125 thousand and \$881 thousand for the three and nine months ended September 30, 2023 and 2022 (restated) respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022 (restated), and of its consolidated financial performance and its consolidated cash flows for the three and nine months ended September 30, 2023 and 2022 (restated) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As stated in Note 4(b), METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) fully acquired 100% shareholdings in Metaguru Corporation from subsidiary of Qisda Corporation, BenQ Guru Holding 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 Group restated the consolidated financial statements for the nine months ended September 30, 2022. Our conclusion is not modified in respect of this matter.

The engagement partners on the reviews resulting in this independent auditors' review report are HUNG-WEN, FU and CHUN-WEI, CHUANG.

KPMG

Taipei, Taiwan (Republic of China)
November 6, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.

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

Consolidated Balance Sheets

September 30, 2023, December 31 and September 30, 2022

(In Thousands of New Taiwan Dollars)

	September 30, 2023		December 31, 2022		September 30, 2022 (Restated)			September 30, 2023		December 31, 2022		September 30, 2022 (Restated)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
1100 Cash and cash equivalents (Note 6(a))	\$ 733,427	7	784,073	9	737,636	8	2100 Short-term borrowings (Note 6(m))	\$ 2,510,466	25	1,291,601	14	1,310,420	15
1110 Current financial assets at fair value through profit or loss							2110 Short-term notes and bills payable (Note 6(n))	-	-	199,619	2	-	-
(Note 6(b))	17,958	-	623	-	40,552	-	2120 Current financial liabilities at fair value through profit or						
1141 Current contract assets (Note 6(v))	16,272	-	8,037	-	11,914	-	loss (Note 6(b))	44,678	1	13,930	-	2,661	-
1170 Notes and accounts receivable, net (Notes 6(d) and (v))	3,145,257	31	2,669,519	29	2,725,353	31	2130 Contract liability (Note 6(v))	314,180	3	300,110	4	257,214	3
1180 Accounts receivable due from related parties, net (Notes							2170 Notes and accounts payable (Note 7)	1,638,201	16	1,934,173	21	1,998,675	22
6(d), (v) and 7)	64,290	1	57,129	1	71,029	1	2200 Other payables (Note 7)	515,325	5	460,621	5	437,726	5
1300 Inventories (Note 6(f))	3,303,942	33	3,429,498	38	3,275,736	37	2280 Current lease liabilities (Notes 6(p) and 7)	47,749	1	43,564	1	44,345	1
1410 Prepayments	460,159	5	47,007	-	54,485	1	2310 Advance receipts	-	-	866	-	18,875	-
1470 Other current assets (Notes 6(e) and 7)	8,808	-	6,199	-	6,179	-	2320 Long-term borrowings, current portion (Note 6(o))	16,805	-	16,627	-	16,703	-
	<u>7,750,113</u>	<u>77</u>	<u>7,002,085</u>	<u>77</u>	<u>6,922,884</u>	<u>78</u>	2399 Other current liabilities	2,498	-	3,159	-	2,856	-
								<u>5,089,902</u>	<u>51</u>	<u>4,264,270</u>	<u>47</u>	<u>4,089,475</u>	<u>46</u>
Non-current assets:								Non-current liabilities:					
1510 Non-current financial assets at fair value through profit or							2500 Non-current financial liabilities at fair value through						
loss (Note 6(b))	646,748	7	510,844	6	346,060	4	profit or loss (Note 6(b))	46,642	1	63,144	1	70,947	1
1517 Non-current financial assets at fair value through other							2540 Long-term borrowings (Note 6(o))	247,921	2	260,254	3	264,324	3
comprehensive income (Note 6(c))	98,904	1	-	-	-	-	2580 Non-current lease liabilities (Notes 6(p) and 7)	102,943	1	131,241	1	139,932	1
1550 Investments accounted for using equity method (Note							2600 Other non-current liabilities	10,515	-	6,947	-	11,719	-
6(g))	112,935	1	115,854	1	111,232	1		<u>408,021</u>	<u>4</u>	<u>461,586</u>	<u>5</u>	<u>486,922</u>	<u>5</u>
1600 Property, plant and equipment (Notes 6(j) and 8)	921,590	9	926,433	10	928,602	11	Total liabilities	<u>5,497,923</u>	<u>55</u>	<u>4,725,856</u>	<u>52</u>	<u>4,576,397</u>	<u>51</u>
1755 Right-of-use assets (Note 6(k))	143,597	1	169,707	2	178,831	2	Equity attributable to owners of parent:						
1780 Intangible assets (Note 6(l))	180,951	2	191,898	2	191,056	2	3100 Share capital	1,883,573	19	1,883,573	20	1,883,573	21
1840 Deferred income tax assets	55,670	1	45,873	1	59,117	1	3200 Capital surplus (Notes 6(g), (h), (i) and (t))	1,273,681	13	1,272,747	14	1,275,994	15
1931 Long-term notes receivable (Notes 6(d) and (v))	12,764	-	27,936	-	27,785	-	3310 Legal reserve	482,299	5	441,048	5	441,048	5
1942 Long-term accounts receivables due from related parties							3320 Special reserve	17,108	-	30,343	-	30,343	-
(Notes 6(d), (v) and 7)	-	-	32,886	-	32,886	-	3350 Unappropriated retained earnings (Note 6(t))	744,247	7	631,634	7	539,907	6
1990 Other non-current assets (Note 6(e))	115,334	1	107,287	1	108,270	1	3400 Other equity interest	(10,935)	-	(17,108)	-	(22,683)	-
	<u>2,288,493</u>	<u>23</u>	<u>2,128,718</u>	<u>23</u>	<u>1,983,839</u>	<u>22</u>	Total equity attributable to owners of parent	<u>4,389,973</u>	<u>44</u>	<u>4,242,237</u>	<u>46</u>	<u>4,148,182</u>	<u>47</u>
							Equity attributable to former owner of business						
							combination under common control	-	-	-	-	25,176	-
							36XX Non-controlling interests	150,710	1	162,710	2	156,968	2
							Total equity	<u>4,540,683</u>	<u>45</u>	<u>4,404,947</u>	<u>48</u>	<u>4,330,326</u>	<u>49</u>
Total assets	<u>\$ 10,038,606</u>	<u>100</u>	<u>9,130,803</u>	<u>100</u>	<u>8,906,723</u>	<u>100</u>	Total liabilities and equity	<u>\$ 10,038,606</u>	<u>100</u>	<u>9,130,803</u>	<u>100</u>	<u>8,906,723</u>	<u>100</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three and nine months ended September 30, 2023 and 2022****(In Thousands of New Taiwan Dollars)**

	For the three months ended September 30				For the nine months ended September 30			
	2023		2022 (Restated)		2023		2022 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 6(v) and 7)							
	\$ 3,615,400	100	3,215,082	100	10,589,782	100	9,063,962	100
5000	Operating costs (Notes 6(f), (r), 7 and 12)							
	3,017,499	83	2,742,257	85	8,964,365	85	7,785,635	86
	Gross profit							
	597,901	17	472,825	15	1,625,417	15	1,278,327	14
	Operating expenses (Notes 6(d), (r), (w), 7 and 12):							
6100	Selling expenses							
	308,491	9	268,832	8	883,433	8	725,705	8
6200	General and administrative expenses							
	54,631	2	53,552	2	163,886	2	146,711	2
6300	Research and development expenses							
	11,438	-	9,422	-	38,545	-	27,787	-
6450	Expected credit loss (Reversal of expected credit loss)							
	659	-	(4,659)	-	635	-	4,487	-
	375,219	11	327,147	10	1,086,499	10	904,690	10
	Net operating income							
	222,682	6	145,678	5	538,918	5	373,637	4
	Non-operating income and expenses:							
7010	Other income (Notes 6(p), (x) and 7)							
	588	-	16,546	-	13,477	-	21,672	-
7100	Interest income							
	569	-	506	-	3,603	-	1,484	-
7020	Other gains and losses (Note 6(x))							
	(17,758)	-	17,799	1	136,443	1	31,605	1
7050	Finance costs (Notes 6(p), (x) and 7)							
	(13,556)	-	(6,406)	-	(39,493)	-	(18,151)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(g))							
	592	-	2,758	-	2,125	-	881	-
	(29,565)	-	31,203	1	116,155	1	37,491	1
	Profit before income tax							
	193,117	6	176,881	6	655,073	6	411,128	5
7950	Less: Income tax expenses (Note 6(s))							
	55,166	2	30,746	1	136,486	1	79,740	1
	Profit							
	137,951	4	146,135	5	518,587	5	331,388	4
8300	Other comprehensive income:							
8310	Items that may not be reclassified subsequently to profit or loss							
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income							
	24,074	1	-	-	24,074	-	-	-
8320	Share of other comprehensive income of associates for using equity method (Note 6(g))							
	263	-	-	-	599	-	(34)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss							
	-	-	-	-	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss							
	24,337	1	-	-	24,673	-	(34)	-
8360	Items that may be reclassified subsequently to profit or loss							
8361	Exchange differences on translation of foreign financial statements							
	7,634	-	(8,700)	-	(18,500)	-	7,694	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss							
	-	-	-	-	-	-	-	-
	Items that may be reclassified subsequently to profit or loss							
	7,634	-	(8,700)	-	(18,500)	-	7,694	-
8300	Other comprehensive income, net of tax							
	31,971	1	(8,700)	-	6,173	-	7,660	-
	Total comprehensive income							
	\$ 169,922	5	137,435	5	524,760	5	339,048	4
	Profit (loss) attributable to:							
8610	Owners of parent							
	\$ 134,154	4	138,294	5	517,343	5	320,778	4
8615	Former owner of business combination under common control							
	-	-	380	-	-	-	3,196	-
8620	Non-controlling interests							
	3,797	-	7,461	-	1,244	-	7,414	-
	\$ 137,951	4	146,135	5	518,587	5	331,388	4
	Comprehensive income (loss) attributable to:							
8710	Owners of parent							
	\$ 166,125	5	129,594	5	523,516	5	328,438	4
8715	Former owner of business combination under common control							
	-	-	380	-	-	-	3,196	-
8720	Non-controlling interests							
	3,797	-	7,461	-	1,244	-	7,414	-
	\$ 169,922	5	137,435	5	524,760	5	339,048	4
	Earnings per share (Note 6(u))							
9750	Basic earnings per share (NT dollars)							
	\$ 0.71		0.73		2.75		1.70	
9850	Diluted earnings per share (NT dollars)							
	\$ 0.71		0.73		2.73		1.69	

See accompanying notes to the consolidated financial statements.

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

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to owners of parent											Total equity
	Share capital	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit	Total equity attributable to owners of parent	Equity attributable to former owner of business combination under common control	Non-controlling interests	
			Legal reserve	Special reserve	Unappropriated retained earnings							
Balance on January 1, 2022 (restated)	\$ 1,883,573	1,275,919	383,289	-	778,125	(29,705)	(2)	(636)	4,290,563	78,580	168,095	4,537,238
Profit	-	-	-	-	320,778	-	-	-	320,778	3,196	7,414	331,388
Other comprehensive income	-	-	-	-	-	7,626	(171)	205	7,660	-	-	7,660
Comprehensive income	-	-	-	-	320,778	7,626	(171)	205	328,438	3,196	7,414	339,048
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)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(18,541)	(18,541)
Changes in equity of associates accounted for using equity method	-	73	-	-	-	-	-	-	73	-	-	73
Proceeds from the disposal of forfeited funds from employee stock ownership trust	-	2	-	-	-	-	-	-	2	-	-	2
Capital reduction	-	-	-	-	-	-	-	-	-	(56,600)	-	(56,600)
Balance on September 30, 2022 (restated)	\$ 1,883,573	1,275,994	441,048	30,343	539,907	(22,079)	(173)	(431)	4,148,182	25,176	156,968	4,330,326
Balance on January 1, 2023	\$ 1,883,573	1,272,747	441,048	30,343	631,634	(16,831)	(173)	(104)	4,242,237	-	162,710	4,404,947
Profit	-	-	-	-	517,343	-	-	-	517,343	-	1,244	518,587
Other comprehensive income	-	-	-	-	-	(18,071)	23,999	245	6,173	-	-	6,173
Comprehensive income	-	-	-	-	517,343	(18,071)	23,999	245	523,516	-	1,244	524,760
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	41,251	-	(41,251)	-	-	-	-	-	-	-
Special reserve	-	-	-	(13,235)	13,235	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(376,714)	-	-	-	(376,714)	-	-	(376,714)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,713)	(12,713)
Difference between consideration and carrying amount of subsidiaries' share acquired	-	26	-	-	-	-	-	-	26	-	(541)	(515)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	-	908	-	-	-	-	-	-	908	-	10	918
Balance on September 30, 2023	\$ 1,883,573	1,273,681	482,299	17,108	744,247	(34,902)	23,826	141	4,389,973	-	150,710	4,540,683

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(In Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022 (Restated)
Cash flows from operating activities:		
Profit before income tax	\$ 655,073	411,128
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	62,230	63,856
Amortization expense	7,449	7,813
Losses (gains) on disposal of property, plant and equipment	528	(52)
Expected credit loss	635	4,487
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(139,758)	(72,647)
Share of profit (loss) of associates accounted for using equity method	(2,125)	(881)
Interest expense	39,493	18,151
Interest income	(3,603)	(1,484)
Dividend income	(11,718)	(13,671)
Total adjustments to reconcile profit (loss)	<u>(46,869)</u>	<u>5,572</u>
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Notes and accounts receivable (including long-term and related parties)	(435,271)	58,253
Inventories	113,856	(424,355)
Contract assets	(8,235)	8,478
Other current assets	(419,544)	(972)
Other non-current assets	(648)	(1,257)
Total changes in operating assets	<u>(749,842)</u>	<u>(359,853)</u>
Total net changes in operating liabilities:		
Contract liability	14,070	3,214
Notes and accounts payable	(295,972)	545,427
Other payables	6,338	(104,765)
Advance receipts	(866)	(4,296)
Other current liabilities	(661)	1,179
Total changes in operating liabilities	<u>(277,091)</u>	<u>440,759</u>
Total changes in operating assets and liabilities	<u>(1,026,933)</u>	<u>80,906</u>
Total adjustments	<u>(1,073,802)</u>	<u>86,478</u>
Cash inflows (outflows) generated from operations	(418,729)	497,606
Interest received	3,593	1,528
Dividends received	17,361	13,671
Interest paid	(34,889)	(18,176)
Income taxes paid	(99,197)	(101,410)
Net cash inflows (outflows) from operating activities	<u>(531,861)</u>	<u>393,219</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(74,830)	-
Decrease in financial liabilities at fair value through profit or loss	-	(7,408)
Acquisition of property, plant and equipment	(7,056)	(7,092)
Proceeds from disposal of property, plant and equipment	257	52
Increase in refundable deposits	(7,120)	(4,137)
Acquisition of intangible assets	(118)	(4)
Decrease in other financial assets	-	53,000
Decrease in other non-current assets	-	3,037
Net cash inflows (outflows) from investing activities	<u>(88,867)</u>	<u>37,448</u>
Cash flows from financing activities:		
Increase in short-term borrowings	1,218,865	164,762
Decrease in short-term notes and bills payable	(199,619)	-
Repayments of long-term borrowings	(12,155)	(12,596)
Increase in guarantee deposits	102	55
Payments of lease liabilities	(35,223)	(35,738)
Change in non-controlling interests	(13,228)	(18,541)
Cash dividends paid	(376,714)	(470,894)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	918	2
Net cash inflows (outflows) from financing activities	<u>582,946</u>	<u>(372,950)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(12,864)</u>	<u>6,008</u>
Increase (decrease) in cash and cash equivalents	<u>(50,646)</u>	<u>63,725</u>
Cash and cash equivalents, beginning of period	<u>784,073</u>	<u>673,911</u>
Cash and cash equivalents, end of period	<u>\$ 733,427</u>	<u>737,636</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

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

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

(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 consolidated financial statements as of September 30, 2023 consist of the Company and its subsidiaries (collectively as “the Group”), and the interests of associates. The Group’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 Group 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, and market research.

The Company had fully acquired Metaguru Corporation (“Metaguru”) from BenQ Guru Holding Limited (“GSH”) by cash on December 1, 2022. 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(h) for details.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on November 6, 2023.

(3) New standards, amendments, and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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- (b) The impact of IFRS issued by the FSC but not yet effective

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2024, are expected to have the following impacts:

- (i) Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments to IAS 7 and IFRS 7 introduce two new disclosure objectives for an entity to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk.

Under the amendments, in addition to disclosing the terms and conditions of such arrangements, the carrying amount of the relevant financial liability and the range of payment due dates, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

According to the amendments, the Group may need to disclose additional information about supplier finance arrangements and how it manages the liquidity risk for these arrangements, and is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated 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"
- Amendments to IAS21 "Lack of Exchangeability"

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (“the IFRSs endorsed by the FSC”) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

The subsidiaries included in the consolidated financial statements were as follows:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	EPIC CLOUD CO., LTD. (EPIC CLOUD)	Data software and data processing services	100.00 %	100.00 %	100.00 %	(Note 1)
The Company	COREX (PTY) LTD (COREX)	Sale, import and export of electronic products	100.00 %	100.00 %	100.00 %	(Note 1)
The Company	ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Implementing services of application software	34.09 %	34.09 %	34.09 %	(Note 1)
The Company	Metaguru Corporation (Metaguru)	R&D and sales of computer information systems	100.00 %	100.00 %	-	% (Notes 1 and 2)
The Company and EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Trading in hardware and software for network and communications systems	79.66 %	79.43 %	79.43 %	(Notes 1 and 3)
The Company and EPIC CLOUD	DSIGroup Co., Ltd. (DSIGroup)	Market research service, marketing consulting, and big data and cloud database, etc.	35.01 %	35.01 %	35.01 %	(Note 1)
DSIGroup	DKABio Co., Ltd. (DKABio)	Market research service, marketing consulting, and big data and cloud database, etc.	100.00 %	100.00 %	100.00 %	(Note 1)
ADVANCEDTEK INTERNATIONAL	APEO Human Capital Services Corp. (APEO Human Capital)	Applications implementing services	100.00 %	100.00 %	100.00 %	(Note 1)

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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Note 1: The company is a non-significant subsidiary, its financial statements have not been reviewed.

Note 2: On December 1, 2022, the Group had fully acquired Metaguru from GSH by cash and obtained control over Metaguru. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning. The consolidated financial statements for the nine months ended September 30, 2022 have been restated for comparison with the financial statements for the nine months ended September 30, 2023.

Note 3: For the changes in the Group's percentage of ownership in GLOBAL INTELLIGENCE NETWORK, please refer to note 6(i).

(c) Financial instruments - Fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established. The above date is usually the ex-dividend date.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting".

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using that actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” and endorsed by the FSC requires management to make 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 estimations.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and petty cash	\$ 460	566	473
Check and demand deposits	663,279	727,713	631,359
Time deposits	<u>69,688</u>	<u>55,794</u>	<u>105,804</u>
	<u>\$ 733,427</u>	<u>784,073</u>	<u>737,636</u>

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets at fair value through profit or loss:			
Current:			
Pre-purchased forward exchange contracts	\$ 17,958	623	40,552
Non-current:			
Foreign and domestic unlisted stocks	419,041	280,153	248,890
Foreign and domestic unlisted equities	<u>227,707</u>	<u>230,691</u>	<u>97,170</u>
Total	<u>\$ 664,706</u>	<u>511,467</u>	<u>386,612</u>

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial liabilities at fair value through profit or loss:			
Current:			
Pre-purchased forward exchange contracts	\$ (1,689)	(13,930)	(112)
Contingent considerations arising from business combinations	(42,989)	-	(2,549)
Non-current:			
Contingent considerations arising from business combinations	(46,642)	(63,144)	(70,947)
Total	\$ (91,320)	(77,074)	(73,608)

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 DSIGroup. 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 Group's derivatives recognized as held-for-trading financial assets and liabilities to which hedging accounting was not applicable:

<u>Financial instruments</u>	<u>September 30, 2023</u>		
	<u>Nominal amounts</u>	<u>Maturity period</u>	<u>Pre-agreed exchange rate</u>
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 20,674 thousand	2023.10.01~ 2023.12.20	30.354~32.170
Buy USD/Sell ZAR	USD 7,350 thousand	2023.10.20~ 2023.12.15	18.702~20.074
Pre-sold forward exchange contracts			
Buy NTD/Sell USD	USD 100 thousand	2023.10.16~ 2023.11.15	31.572

(Continued)

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<u>Financial instruments</u>	<u>December 31, 2022</u>		
	<u>Nominal amounts</u>	<u>Maturity period</u>	<u>Pre-agreed exchange rate</u>
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 33,350 thousand	2023.01.01~ 2023.04.19	30.224~32.045
Buy USD/Sell ZAR	USD 845 thousand	2023.01.04~ 2023.01.27	17.100~17.268
<u>Financial instruments</u>	<u>September 30, 2022</u>		
	<u>Nominal amounts</u>	<u>Maturity period</u>	<u>Pre-agreed exchange rate</u>
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 26,581 thousand	2022.10.01~ 2023.01.19	29.500~31.860
Buy USD/Sell ZAR	USD 541 thousand	2022.10.27	17.951~18.034

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current financial assets at fair value through other comprehensive income			
Domestic unlisted stocks	\$ <u>98,904</u>	<u>-</u>	<u>-</u>

- (i) In June 2023, the Group invested the amount of \$74,830 thousand in High Performance Information Co. Ltd.. The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term for strategic instead of trading purposes.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended September 30, 2023.

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**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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(d) Notes and accounts receivable (including long-term and related parties)

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable (including long-term)	\$ 165,930	134,624	195,216
Accounts receivable (including long-term)	3,018,460	2,589,261	2,590,351
Accounts receivable due from related parties (including long-term)	64,290	90,015	103,915
Less: loss allowance	<u>(26,369)</u>	<u>(26,430)</u>	<u>(32,429)</u>
Total	<u>\$ 3,222,311</u>	<u>2,787,470</u>	<u>2,857,053</u>
Current	\$ 3,209,547	2,726,648	2,796,382
Non-current	<u>12,764</u>	<u>60,822</u>	<u>60,671</u>
Total	<u>\$ 3,222,311</u>	<u>2,787,470</u>	<u>2,857,053</u>

- (i) The Group 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 value.
- (ii) Non-current notes and accounts receivable mainly arose from installment sales.
- (iii) The Group applies the simplified approach to provide for its expected credit losses (“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:

	September 30, 2023		
	Gross carry amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 3,172,102	0.07%	2,281
1 to 30 days past due	25,495	5.51%	1,406
31 to 60 days past due	12,169	9.92%	1,207
61 to 90 days past due	3,649	19.79%	722
91 to 120 days past due	1,318	48.33%	637
More than 121 days past due	<u>33,947</u>	59.26%	<u>20,116</u>
	<u>\$ 3,248,680</u>		<u>26,369</u>

(Continued)

**METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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	December 31, 2022		
	Gross carry amount of accounts and notes receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 2,699,590	0.07%	1,884
1 to 30 days past due	51,837	3.34%	1,730
31 to 60 days past due	25,219	10.71%	2,701
61 to 90 days past due	2,425	24.29%	589
91 to 120 days past due	2,098	34.46%	723
More than 121 days past due	32,731	57.45%	18,803
	\$ 2,813,900		26,430

	September 30, 2022		
	Gross carry amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 2,799,232	0.09%	2,621
1 to 30 days past due	40,690	2.85%	1,158
31 to 60 days past due	3,702	12.99%	481
61 to 90 days past due	3,276	26.53%	869
91 to 120 days past due	4,188	39.88%	1,670
More than 121 days past due	38,394	66.76%	25,630
	\$ 2,889,482		32,429

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

	For the nine months ended September 30	
	2023	2022
Beginning balance	\$ 26,430	27,844
Impairment losses	635	4,487
Write-offs of uncollectible amount for the period	(124)	-
Transferred to other receivables	(367)	-
Effects of exchange rate changes	(205)	98
Ending balance	\$ 26,369	32,429

(Continued)

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

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ 3,480	2,656	17,841
Less: loss allowance	<u>(1,930)</u>	<u>(1,563)</u>	<u>(15,651)</u>
	<u>\$ 1,550</u>	<u>1,093</u>	<u>2,190</u>

(i) As of September 30, 2023, December 31, 2022 and September 30, 2022, there was no other receivables that was past due but not impaired.

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

	For the nine months ended September 30	
	2023	2022
Beginning balance	\$ 1,563	19,641
Transferred from accounts receivable	367	-
Write-offs of uncollectible amount for the period	<u>-</u>	<u>(3,990)</u>
Ending balance	<u>\$ 1,930</u>	<u>15,651</u>

(f) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise inventory	<u>\$ 3,303,942</u>	<u>3,429,498</u>	<u>3,275,736</u>

For the three and nine months ended September 30, 2023 and 2022, due to the write-down of inventories to net realizable value, a loss (reversal gain) of \$(14,616) thousand, \$8,913 thousand, \$46,501 thousand and \$(39,621) thousand on the decline in value of inventories, respectively, were recognized and reported as operating costs.

For the three and nine months ended September 30, 2023 and 2022, loss on scrap of inventories amounted to \$0 thousand, \$0 thousand, \$0 thousand and \$43,161 thousand, respectively.

(Continued)

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- (g) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 112,935</u>	<u>115,854</u>	<u>111,232</u>

- (i) In February and April 2022, GRANDSYS issued 925 thousand and 162 thousand new shares, respectively, to be exercised as employee stock options. Resulting the Group's shareholding in GRANDSYS to decrease from 21.84% to 20.96%, and the Group's capital surplus to increase by \$73 thousand due to the change in equity.
- (ii) 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 Group's consolidated financial statements.

	For the three months ended September 30		For the nine months ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Attributable to the Group:				
Profit	\$ 592	2,758	2,125	881
Other comprehensive income	<u>263</u>	<u>-</u>	<u>599</u>	<u>(34)</u>
Total comprehensive income	<u>\$ 855</u>	<u>2,758</u>	<u>2,724</u>	<u>847</u>

The investments accounted for using equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

- (iii) As of September 30, 2023, December 31, 2022 and September 30, 2022, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.
- (h) Business combinations – Acquisition of the subsidiary – Metaguru
- (i) Acquisition of consideration transferred of the subsidiary

On December 1, 2022, the Group acquired 100% ownership of Metaguru amounting \$31,000 thousand from GSH, and obtained control over Metaguru. Therefore, Metaguru has been included in the Group's consolidated financial statement from December 1, 2022. Metaguru is primarily engaged in providing software services and electronic information supply services. The Group 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.)
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(ii) 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
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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 Metaguru is debited to the capital surplus of \$3,299 thousand.

(i) Changes in ownership interest in a subsidiary

On March 31, 2023, the Group paid \$515 thousand for 30 thousand shares from GLOBAL INTELLIGENCE NETWORK' s original shareholders. Therefore, the Group' s shareholding ratio increased to 79.66%, and capital surplus increased by \$26 thousand due to changes in equity.

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METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
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(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, 2023	\$ 587,346	374,891	186,220	1,148,457
Additions	-	-	7,056	7,056
Disposal	-	-	(21,789)	(21,789)
Transferred from inventories	-	-	13,949	13,949
Effects of exchange rate changes	-	-	(1,958)	(1,958)
Balance on September 30, 2023	<u>\$ 587,346</u>	<u>374,891</u>	<u>183,478</u>	<u>1,145,715</u>
Balance on January 1, 2022	\$ 587,346	374,891	192,718	1,154,955
Additions	-	-	7,092	7,092
Disposal	-	-	(1,314)	(1,314)
Transferred from inventories	-	-	6,448	6,448
Effects of exchange rate changes	-	-	635	635
Balance on September 30, 2022	<u>\$ 587,346</u>	<u>374,891</u>	<u>205,579</u>	<u>1,167,816</u>
Accumulated depreciation:				
Balance on January 1, 2023	\$ -	85,052	136,972	222,024
Depreciation	-	5,576	19,364	24,940
Disposal	-	-	(21,004)	(21,004)
Effects of exchange rate changes	-	-	(1,835)	(1,835)
Balance on September 30, 2023	<u>\$ -</u>	<u>90,628</u>	<u>133,497</u>	<u>224,125</u>
Balance on January 1, 2022	\$ -	77,617	133,874	211,491
Depreciation	-	5,576	22,917	28,493
Disposal	-	-	(1,314)	(1,314)
Effects of exchange rate changes	-	-	544	544
Balance on September 30, 2022	<u>\$ -</u>	<u>83,193</u>	<u>156,021</u>	<u>239,214</u>
Carrying amounts:				
January 1, 2023	<u>\$ 587,346</u>	<u>289,839</u>	<u>49,248</u>	<u>926,433</u>
September 30, 2023	<u>\$ 587,346</u>	<u>284,263</u>	<u>49,981</u>	<u>921,590</u>
January 1, 2022	<u>\$ 587,346</u>	<u>297,274</u>	<u>58,844</u>	<u>943,464</u>
September 30, 2022	<u>\$ 587,346</u>	<u>291,698</u>	<u>49,558</u>	<u>928,602</u>

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As of September 30, 2023, December 31, 2022 and September 30, 2022, 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 Group as a lessee was presented below:

	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 318,080	6,799	324,879
Additions	9,096	1,957	11,053
Effects of exchange rate changes	<u>(1,734)</u>	<u>(321)</u>	<u>(2,055)</u>
Balance on September 30, 2023	<u>\$ 325,442</u>	<u>8,435</u>	<u>333,877</u>
Balance on January 1, 2022	\$ 293,172	6,167	299,339
Additions	24,844	-	24,844
Decrease	-	(1,950)	(1,950)
Effects of exchange rate changes	<u>794</u>	<u>255</u>	<u>1,049</u>
Balance on September 30, 2022	<u>\$ 318,810</u>	<u>4,472</u>	<u>323,282</u>
Accumulated depreciation:			
Balance on January 1, 2023	\$ 153,074	2,098	155,172
Depreciation	35,959	1,331	37,290
Effects of exchange rate changes	<u>(2,020)</u>	<u>(162)</u>	<u>(2,182)</u>
Balance on September 30, 2023	<u>\$ 187,013</u>	<u>3,267</u>	<u>190,280</u>
Balance on January 1, 2022	\$ 107,001	3,631	110,632
Depreciation	34,298	1,065	35,363
Decrease	-	(1,950)	(1,950)
Effects of exchange rate changes	<u>252</u>	<u>154</u>	<u>406</u>
Balance on September 30, 2022	<u>\$ 141,551</u>	<u>2,900</u>	<u>144,451</u>
Carrying amount:			
January 1, 2023	<u>\$ 165,006</u>	<u>4,701</u>	<u>169,707</u>
September 30, 2023	<u>\$ 138,429</u>	<u>5,168</u>	<u>143,597</u>
January 1, 2022	<u>\$ 186,171</u>	<u>2,536</u>	<u>188,707</u>
September 30, 2022	<u>\$ 177,259</u>	<u>1,572</u>	<u>178,831</u>

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(l) Intangible assets

Information about the costs and accumulated impairment losses and amortization of intangible asset was presented below:

	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Customer relationships</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance on January 1, 2023	\$ 164,505	5,490	8,234	28,259	206,488
Additions	-	-	-	118	118
Effects of exchange rate changes	(7,359)	-	(453)	-	(7,812)
Balance on September 30, 2023	<u>\$ 157,146</u>	<u>5,490</u>	<u>7,781</u>	<u>28,377</u>	<u>198,794</u>
Balance on January 1, 2022	\$ 160,041	5,490	7,959	31,458	204,948
Additions	-	-	-	4	4
Disposal	-	-	-	(3,203)	(3,203)
Effects of exchange rate changes	2,422	-	149	-	2,571
Balance on September 30, 2022	<u>\$ 162,463</u>	<u>5,490</u>	<u>8,108</u>	<u>28,259</u>	<u>204,320</u>
Accumulated impairment loss and amortization:					
Balance on January 1, 2023	\$ 1,966	1,030	5,868	5,726	14,590
Amortization	-	414	1,366	2,151	3,931
Effects of exchange rate changes	-	-	(678)	-	(678)
Balance on September 30, 2023	<u>\$ 1,966</u>	<u>1,444</u>	<u>6,556</u>	<u>7,877</u>	<u>17,843</u>
Balance on January 1, 2022	\$ 1,966	478	4,195	6,066	12,705
Amortization	-	415	1,366	2,146	3,927
Disposal	-	-	-	(3,203)	(3,203)
Effects of exchange rate changes	-	-	(165)	-	(165)
Balance on September 30, 2022	<u>\$ 1,966</u>	<u>893</u>	<u>5,396</u>	<u>5,009</u>	<u>13,264</u>
Carrying amount:					
January 1, 2023	<u>\$ 162,539</u>	<u>4,460</u>	<u>2,366</u>	<u>22,533</u>	<u>191,898</u>
September 30, 2023	<u>\$ 155,180</u>	<u>4,046</u>	<u>1,225</u>	<u>20,500</u>	<u>180,951</u>
January 1, 2022	<u>\$ 158,075</u>	<u>5,012</u>	<u>3,764</u>	<u>25,392</u>	<u>192,243</u>
September 30, 2022	<u>\$ 160,497</u>	<u>4,597</u>	<u>2,712</u>	<u>23,250</u>	<u>191,056</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, none of the intangible assets was pledged as collateral.

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(m) Short-term borrowings

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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	<u>\$ 2,510,466</u>	<u>1,291,601</u>	<u>1,310,420</u>
Range of interest rates at the end of period	<u>1.65%~10.95%</u>	<u>1.50%~9.70%</u>	<u>1.24%~8.95%</u>

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

(n) Short-term notes and bills payable

(i) As of September 30, 2023 and September 30, 2022, 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 papers 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				<u>\$ 199,619</u>

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

(o) Long-term borrowings

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

	September 30, 2023			
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.85%~2.01%	2023.10~2039.03	\$ 264,726
Less: current portion				(16,805)
Total				<u>\$ 247,921</u>
Unused credit lines				<u>\$ -</u>

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December 31, 2022				
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.60%~1.83%	2023.01~2039.03	\$ 276,881
Less: current portion				(16,627)
Total				<u>\$ 260,254</u>
Unused credit lines				<u>\$ -</u>
September 30, 2022				
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.48%~1.70%	2022.10~2039.03	\$ 281,027
Less: current portion				(16,703)
Total				<u>\$ 264,324</u>
Unused credit lines				<u>\$ -</u>

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

(p) Lease liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 47,749	43,564	44,345
Non-current	102,943	131,241	139,932
	<u>\$ 150,692</u>	<u>174,805</u>	<u>184,277</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 785</u>	<u>752</u>	<u>2,204</u>	<u>2,476</u>
Income from sub-leasing right-of-use assets	<u>\$ (288)</u>	<u>(288)</u>	<u>(858)</u>	<u>(858)</u>

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(iii) The amounts recognized in the statements of cash flows of the Group were as follows:

	For the nine months ended	
	September 30	
	2023	2022
Interest payments for lease liabilities in operating activities	\$ (2,204)	(2,476)
Payments of lease liabilities in financing activities	<u>(35,223)</u>	<u>(35,738)</u>
Total cash outflow for leases	<u><u>\$ (37,427)</u></u>	<u><u>(38,214)</u></u>

(iv) Real estate leases

The Group 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.

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

(q) Operating leases

The Group leases out its right-of-use assets. The Group 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 Note 6(k).

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

	September 30, 2023	December 31, 2022	September 30, 2022
Less than one year	\$ 1,150	1,139	1,139
1 to 2 years	1,174	1,159	1,150
2 to 3 years	1,174	1,174	1,174
3 to 4 years	1,174	1,174	1,174
4 to 5 years	684	1,174	1,174
More than 5 years	<u>-</u>	<u>391</u>	<u>684</u>
	<u><u>\$ 5,356</u></u>	<u><u>6,211</u></u>	<u><u>6,495</u></u>

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(r) Employee benefits

No pension expenses from the defined benefit plans were recognized by the Group for the three and nine months ended September 30, 2023 and 2022, respectively.

The Group 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. Foreign subsidiaries make contributions in compliance with their respective local regulation. Under these defined contribution plans, the Group allocates a fixed amount to the authorities without additional legal or constructive obligation.

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 997	881	2,852	2,495
Operating expenses	7,321	6,764	21,745	19,449
	\$ 8,318	7,645	24,597	21,944

(s) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current income tax expenses	\$ 55,166	30,746	136,486	79,740

(ii) The Group had no income taxes expenses recognized directly in equity and other comprehensive income for the three and nine months ended September 30, 2023 and 2022, respectively.

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

(t) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the nine months ended September 30, 2023 and 2022. For related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2022.

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(i) Capital surplus

The components of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Share capital premium	\$ 1,189,020	1,189,020	1,192,319
Treasury share transactions	54,637	54,637	54,637
Difference arising from subsidiary's share price and its carrying value from acquisition or disposal of	28,010	27,984	27,984
Changes in equity of associates accounted for using equity method and others	2,014	1,106	1,054
	<u>\$ 1,273,681</u>	<u>1,272,747</u>	<u>1,275,994</u>

(ii) Retain earning – Earning distribution

On February 23, 2023, cash dividends in the distribution plan for 2022 had been approved at the Board of Directors meeting, and other items of earnings distribution had been approved in shareholder's meeting on May 24, 2023. The cash dividends of earnings distribution for 2021 had been approved at the Board of Directors meeting on February 24, 2022, and other items of earnings distribution had been approved in shareholder's meeting on May 26, 2022.

	For the years ended December 31	
	2022	2021
Dividends to shareholders - cash, \$2 and \$2.5 per share	<u>\$ 376,714</u>	<u>470,894</u>

(u) Earnings per share

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to the Company	<u>\$ 134,154</u>	<u>138,294</u>	<u>517,343</u>	<u>320,778</u>
Weighted-average number of ordinary shares outstanding (basic / thousand shares)	<u>188,357</u>	<u>188,357</u>	<u>188,357</u>	<u>188,357</u>
Earnings per share (dollars)	<u>\$ 0.71</u>	<u>0.73</u>	<u>2.75</u>	<u>1.70</u>

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	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Diluted earnings per share:				
Profit attributable to the Company	\$ <u>134,154</u>	<u>138,294</u>	<u>517,343</u>	<u>320,778</u>
Weighted-average number of ordinary shares outstanding (diluted / thousand shares)	<u>189,262</u>	<u>189,443</u>	<u>189,516</u>	<u>189,786</u>
Earnings per share (dollars)	\$ <u>0.71</u>	<u>0.73</u>	<u>2.73</u>	<u>1.69</u>

(v) Revenue from contracts with customers

(i) Details of revenue

<u>For the three months ended September 30, 2023</u>						
	<u>ICT Infrastructures</u>	<u>Computing & Data Utilization</u>	<u>Digitalization</u>	<u>Clouds, Software and Services</u>	<u>Other products</u>	<u>Total</u>
Major products/service lines:						
Sale of goods	\$ 1,140,494	1,424,747	222,831	467,195	71,240	3,326,507
Services rendered	-	-	-	288,893	-	288,893
Total	<u>\$ 1,140,494</u>	<u>1,424,747</u>	<u>222,831</u>	<u>756,088</u>	<u>71,240</u>	<u>3,615,400</u>
<u>For the three months ended September 30, 2022</u>						
	<u>ICT Infrastructures</u>	<u>Computing & Data Utilization</u>	<u>Digitalization</u>	<u>Clouds, Software and Services</u>	<u>Other products</u>	<u>Total</u>
Major products/service lines:						
Sale of goods	\$ 1,167,572	1,459,495	195,126	175,363	(4,817)	2,992,739
Services rendered	-	-	-	222,343	-	222,343
Total	<u>\$ 1,167,572</u>	<u>1,459,495</u>	<u>195,126</u>	<u>397,706</u>	<u>(4,817)</u>	<u>3,215,082</u>
<u>For the nine months ended September 30, 2023</u>						
	<u>ICT Infrastructures</u>	<u>Computing & Data Utilization</u>	<u>Digitalization</u>	<u>Clouds, Software and Services</u>	<u>Other products</u>	<u>Total</u>
Major products/service lines:						
Sale of goods	\$ 3,337,275	4,314,628	692,189	980,030	504,697	9,828,819
Services rendered	-	-	-	760,963	-	760,963
Total	<u>\$ 3,337,275</u>	<u>4,314,628</u>	<u>692,189</u>	<u>1,740,993</u>	<u>504,697</u>	<u>10,589,782</u>
<u>For the nine months ended September 30, 2022</u>						
	<u>ICT Infrastructures</u>	<u>Computing & Data Utilization</u>	<u>Digitalization</u>	<u>Clouds, Software and Services</u>	<u>Other products</u>	<u>Total</u>
Major products/service lines:						
Sale of goods	\$ 2,934,229	4,222,427	780,578	459,020	(1,893)	8,394,361
Services rendered	-	-	-	669,601	-	669,601
Total	<u>\$ 2,934,229</u>	<u>4,222,427</u>	<u>780,578</u>	<u>1,128,621</u>	<u>(1,893)</u>	<u>9,063,962</u>

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(ii) Contract balances

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable (including long-term)	\$ 165,930	134,624	195,216
Accounts receivable (including long-term and related parties)	3,082,750	2,679,276	2,694,266
Less: loss allowance	<u>(26,369)</u>	<u>(26,430)</u>	<u>(32,429)</u>
	<u>\$ 3,222,311</u>	<u>2,787,470</u>	<u>2,857,053</u>
Contract assets	<u>\$ 16,272</u>	<u>8,037</u>	<u>11,914</u>
Contract liability	<u>\$ 314,180</u>	<u>300,110</u>	<u>257,214</u>

- 1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(d).
- 2) The amounts of contract liability balance, recognized as revenue as of January 1, 2023 and 2022 at the beginning of the period, were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue				
Recognition	<u>\$ 15,022</u>	<u>16,816</u>	<u>254,467</u>	<u>206,766</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 \$16,452 thousand, \$14,303 thousand, \$56,200 thousand and \$34,647 thousand for the three and nine months ended September 30, 2023 and 2022, respectively, and estimated its remuneration to directors at \$1,543 thousand, \$1,341 thousand, \$5,269 thousand and \$3,248 thousand, respectively.

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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 accrual and actual payment, if any, will be treated as the change in accounting estimate and recognized in profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$44,651 thousand and \$59,513 thousand, respectively. The remunerations to directors amounted to \$4,186 thousand and \$5,580 thousand, respectively. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Rental income	\$ 588	2,875	1,759	8,001
Dividend income	-	13,671	11,718	13,671
	\$ 588	16,546	13,477	21,672

(ii) Other gains and losses

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Net foreign exchange gains (losses)	\$ 5,369	(35,364)	(8,325)	(49,075)
Net gains (losses) on valuation of financial assets (liabilities) at fair value through profit or loss	(24,665)	47,042	139,758	72,647
Gains (losses) on disposal of property, plant and equipment	-	52	(528)	52
Others	1,538	6,069	5,538	7,981
	\$ (17,758)	17,799	136,443	31,605

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(iii) Finance costs

The Group's financial costs were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 12,771	5,654	37,289	15,675
Interest on lease liabilities	785	752	2,204	2,476
	\$ 13,556	6,406	39,493	18,151

(y) Financial instruments

Except for the following disclosure, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to Note 6(z) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) The maximum exposure to credit risk

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group believes that there is no significant concentration of credit risk due to its customer fragmentation.

3) Credit risk of receivables

For credit risk exposure of note and accounts receivable (including long-term and related parties), please refer to Note 6(d). Other financial assets measured at amortized cost include other receivables. For related information for details and impairment, please refers to Note 6(e).

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(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>
September 30, 2023					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)	\$ 89,631	117,113	48,779	68,334	-
Long-term and short-term borrowings	2,775,192	2,818,612	2,537,359	85,857	195,396
Lease liabilities (including non-current)	150,692	155,333	49,928	105,405	-
Notes and accounts payable	1,638,201	1,638,201	1,638,201	-	-
Other payables	379,628	379,628	379,628	-	-
Guarantee deposits	1,742	1,742	-	1,742	-
Derivative financial liabilities					
Outflow	1,689	42,461	42,461	-	-
Inflow	-	(40,772)	(40,772)	-	-
	<u>\$ 5,036,775</u>	<u>5,112,318</u>	<u>4,655,584</u>	<u>261,338</u>	<u>195,396</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	1,568,482	1,610,916	1,317,663	84,705	208,548
Short-term notes and bills payable	199,619	200,000	200,000	-	-
Lease liabilities (including non-current)	174,805	180,126	45,797	126,103	8,226
Notes and accounts payable	1,934,173	1,934,173	1,934,173	-	-
Other payables	368,686	368,686	368,686	-	-
Guarantee deposits	1,640	1,640	-	1,640	-
Derivative financial liabilities					
Outflow	13,930	867,076	867,076	-	-
Inflow	-	(853,146)	(853,146)	-	-
	<u>\$ 4,324,479</u>	<u>4,401,131</u>	<u>3,880,249</u>	<u>304,108</u>	<u>216,774</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
September 30, 2022					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)					
	\$ 73,496	104,295	2,826	101,469	-
Long-term and short-term borrowings					
	1,591,447	1,630,923	1,335,141	83,897	211,885
Lease liabilities (including non-current)					
	184,277	189,423	46,524	128,609	14,290
Notes and accounts payable					
	1,998,675	1,998,675	1,998,675	-	-
Other payables					
	358,437	358,437	358,437	-	-
Guarantee deposits					
	1,632	1,632	-	1,632	-
Derivative financial liabilities					
Outflow					
	112	75,464	75,464	-	-
Inflow					
	-	(75,352)	(75,352)	-	-
	<u>\$ 4,208,076</u>	<u>4,283,497</u>	<u>3,741,715</u>	<u>315,607</u>	<u>226,175</u>

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

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

	<u>September 30, 2023</u>			<u>December 31, 2022</u>			<u>September 30, 2022</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD/NTD	\$ 2,371	32.27	76,524	4,666	30.73	143,401	2,302	31.75	73,086
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD/NTD	\$ 30,329	32.27	978,727	33,490	30.73	1,029,145	29,167	31.75	926,052

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2) Sensitivity analysis

The Group'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, other receivables, short-term borrowings, notes and accounts payable, and other payables 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 Group uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of September 30, 2023 and 2022, with all other variables including derivative financial instruments remaining constant, would have decreased or increased the profit before income tax by \$11 thousand and increase or decrease the profit before income tax by \$82 thousand, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The amounts of exchange gains and losses (including realized and unrealized) of monetary items of the Group which were converted into functional currency, and the exchange rate information converted to the Company's functional currency, NTD, were as follows:

	<u>For the three months ended September 30,</u>				<u>For the nine months ended September 30,</u>			
	<u>2023</u>		<u>2022</u>		<u>2023</u>		<u>2022</u>	
	<u>Foreign exchange (loss) gain</u>	<u>Average exchange rate</u>	<u>Foreign exchange (loss) gain</u>	<u>Average exchange rate</u>	<u>Foreign exchange (loss) gain</u>	<u>Average exchange rate</u>	<u>Foreign exchange (loss) gain</u>	<u>Average exchange rate</u>
NTD	\$ 9,755	1	(36,324)	1	7,843	1	(50,338)	1
ZAR	(4,386)	1.72	960	1.80	(16,168)	1.70	1,263	1.84
	<u>\$ 5,369</u>		<u>(35,364)</u>		<u>(8,325)</u>		<u>(49,075)</u>	

(iv) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The fair value of financial assets/liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The following sets out carrying amount and fair value of the Group'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:

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	<u>Carrying amount</u>	<u>September 30, 2023</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	\$ 17,958	-	-	17,958	17,958
Foreign and domestic unlisted stocks	419,041	-	-	419,041	419,041
Foreign and domestic unlisted equities	<u>227,707</u>	-	-	227,707	227,707
	<u>\$ 664,706</u>				
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	<u>\$ 98,904</u>	-	-	98,904	98,904
Financial assets at amortized cost:					
Cash and cash equivalents	\$ 733,427				
Notes and accounts receivable, net (including long-term and related parties)	3,222,311				
Other receivables	1,550				
Refundable deposits	<u>91,601</u>				
	<u>\$ 4,048,889</u>				
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	\$ 1,689	-	-	1,689	1,689
Contingent considerations arising from business combinations	<u>89,631</u>	-	-	89,631	89,631
	<u>\$ 91,320</u>				

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	December 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	\$ 13,930	-	-	13,930	13,930
Contingent considerations arising from business combinations	<u>63,144</u>	-	-	63,144	63,144
	<u>\$ 77,074</u>				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	\$ 1,568,482				
Short-term notes and bills payable	199,619				
Lease liabilities (including non-current)	174,805				
Notes and accounts payable	1,934,173				
Other payables	368,686				
Guarantee deposits	<u>1,640</u>				
	<u>\$ 4,247,405</u>				
September 30, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	\$ 40,552	-	-	40,552	40,552
Foreign and domestic unlisted stocks	248,890	-	-	248,890	248,890
Domestic unlisted equities	<u>97,170</u>	-	-	97,170	97,170
	<u>\$ 386,612</u>				

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	<u>Carrying amount</u>	<u>September 30, 2022</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at amortized cost					
Cash and cash equivalents	\$ 737,636				
Notes and accounts receivable (including long-term and related parties)	2,857,053				
Other receivables	2,190				
Refundable deposits	<u>81,416</u>				
	<u>\$ 3,678,295</u>				
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	\$ 112	-	-	112	112
Contingent considerations arising from business combinations	<u>73,496</u>	-	-	73,496	73,496
	<u>\$ 73,608</u>				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	\$ 1,591,447				
Lease liabilities (including non-current)	184,277				
Notes and accounts payable	1,998,675				
Other payables	358,437				
Guarantee deposits	<u>1,632</u>				
	<u>\$ 4,134,468</u>				

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.

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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 were no transfers between level 1 and level 2 of the financial instruments for the nine months ended September 30, 2023 and 2022.

4) Reconciliation of Level 3 fair values

	<u>Measured at fair value through profit or loss</u>	<u>Measured at fair value through other comprehensive income</u>
	Non-derivative financial assets (liabilities) measured at fair value through profit or loss	Equity instruments without an active market
	<u>Derivative financial assets (liabilities)</u>	
January 1, 2023	\$ (13,307)	447,700
Acquisition	-	-
Recognized in profit or loss	30,341	74,830
Recognized in other comprehensive income	-	-
Effects of exchange rate changes	-	24,074
	(765)	-
September 30, 2023	<u>\$ 16,269</u>	<u>557,117</u>
		<u>98,904</u>

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	<u>Measured at fair value through profit or loss</u>	<u>Measured at fair value through other comprehensive income</u>	
	Non-derivative financial assets (liabilities) measured at fair value through profit or loss	Equity instruments without an active market	
	<u>Derivative financial assets (liabilities)</u>	<u>Equity instruments without an active market</u>	
January 1, 2022	\$ (2,043)	235,074	-
Recognized in profit or loss	42,565	30,082	-
Contingent considerations payments	-	7,408	-
Effects of exchange rate changes	(82)	-	-
September 30, 2022	<u>\$ 40,440</u>	<u>272,564</u>	<u>-</u>

The aforementioned total gains and losses that were recognized in “other gains and losses” and “unrealized gains and losses on financial assets at fair value through other comprehensive income”. The gains or losses attributable to the assets and liabilities held on September 30, 2023 and 2022 were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Total gains and losses				
Recognized in profit or loss (recognized as other gains and losses) \$	(24,983)	47,030	125,686	70,522
Recognized in other comprehensive income (recognized as unrealized gains and losses on financial asset at fair value through other comprehensive income)	24,074	-	24,074	-
	<u>\$ (909)</u>	<u>47,030</u>	<u>149,760</u>	<u>70,522</u>

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

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, 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 Group 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 instruments without an active market	Comparable companies approach	· Market liquidity discount rate (23.63%~27.08% as of September 30, 2023, 23.63%~27.08% as of December 31, 2022, and 25.00%~28.63% as of September 30, 2022)	· The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income-investments in equity instruments without an active market	Comparable companies approach	· Market liquidity discount rate (41.50% as of September 30, 2023)	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 method	· Discount rate (8.81%~18.35% as of September 30, 2023, 8.81%~18.35% as of December 31, 2022, and 8.19%~14.75% as of September 30, 2022)	· The higher the discount rate, the lower the fair value

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

The Group'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 and other comprehensive income:

	Inputs	Current profit (loss) arising from changes in fair value		Other comprehensive income arising from changes in fair value	
		10% increase	10% decrease	10% increase	10% decrease
September 30, 2023					
Financial assets (liabilities) at fair value through profit or loss					
Investments in equity instruments without an active market	Discount for marketability	\$ <u>(54,854)</u>	<u>54,854</u>	<u>-</u>	<u>-</u>
Contingent considerations arising from business combinations	Discount for discount rate	\$ <u>2,076</u>	<u>(2,174)</u>	<u>-</u>	<u>-</u>
Financial assets at fair value through other comprehensive income					
Investments in equity instruments without an active market	Discount for marketability	\$ <u>-</u>	<u>-</u>	<u>(16,912)</u>	<u>16,912</u>
December 31, 2022					
Financial assets (liabilities) at fair value through profit or loss					
Investments in equity instruments without an active market	Discount for marketability	\$ <u>(36,719)</u>	<u>36,719</u>	<u>-</u>	<u>-</u>
Contingent considerations arising from business combinations	Discount for discount rate	\$ <u>2,063</u>	<u>(2,176)</u>	<u>-</u>	<u>-</u>

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	Inputs	Current profit (loss) arising from changes in fair value		Other comprehensive income arising from changes in fair value	
		10% increase	10% decrease	10% increase	10% decrease
September 30, 2022					
Financial assets (liabilities) at fair value through profit or loss					
Investments in equity instruments without an active market	Discount for marketability	\$ <u>(34,861)</u>	<u>34,861</u>	-	-
Contingent considerations arising from business combinations	Discount for discount rate	\$ <u>2,289</u>	<u>(2,406)</u>	-	-

(z) Financial risk management

The objective and policies of the Group's financial risk management were not materially different from those disclosed in Note 6(aa) of the consolidated financial statements for the year ended December 31, 2022.

(aa) Capital management

The objectives, policies, and procedures of the Group's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2022. For relevant information, please refer to Note 6(ab) of the consolidated financial statements for the year ended December 31, 2022.

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

For the nine months ended September 30, 2023 and 2022, the Group's investing and financing activities, not affecting the current cash flow, were as follows:

- (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, 2023	Cash flows	Non-cash changes	September 30, 2023
Long-term borrowings	\$ 276,881	(12,155)	-	264,726
Short-term borrowings	1,291,601	1,218,865	-	2,510,466
Short-term notes and bills payable	199,619	(199,619)	-	-
Guarantee deposits	1,640	102	-	1,742
Lease liabilities (including non-current)	174,805	(35,223)	11,110	150,692
Total liabilities from financing activities	<u>\$ 1,944,546</u>	<u>971,970</u>	<u>11,110</u>	<u>2,927,626</u>

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	January 1, 2022	Cash flows	Non-cash changes	September 30, 2022
Long-term borrowings	\$ 293,623	(12,596)	-	281,027
Short-term borrowings	1,145,658	164,762	-	1,310,420
Guarantee deposits	1,577	55	-	1,632
Lease liabilities (including non-current)	194,449	(35,738)	25,566	184,277
Total liabilities from financing activities	<u>\$ 1,635,307</u>	<u>116,483</u>	<u>25,566</u>	<u>1,777,356</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Parent of the Group
GRANDSYS INC. (GRANDSYS)	Associate of the Group
Everlasting Digital ESG Co., Ltd. (Everlasting Digital ESG)	Associate of the Group
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
DFI Inc. (DFI)	It and the Company have the same ultimate parent company
Data Image Corporation (Data Image)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
SIMULA TECHNOLOGY INC. (SIMULA TECHNOLOGY)	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
ACE Energy Co., Ltd. (ACE Energy)	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
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company

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<u>Name of related party</u>	<u>Relationship with the Group</u>
BenQ Medical Technology Corporation (BenQ Medical Technology)	It and the Company have the same ultimate parent company
Alpha Networks Inc. (Alpha)	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
Action Star Technology Co., Ltd. (Action Star)	It and the Company have the same ultimate parent company
BENQ HEALTHCARE CORPORATION (BHS)	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
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company
LA FRESH INFORMATION CO., LTD. (LA FRESH)	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
Concord Medical Co., Ltd (Concord)	It and the Company have the same ultimate parent company
DIVA LABORATORIES, LTD. (DIVA)	It and the Company have the same ultimate parent company
E-STRONG MEDICAL TECHNOLOGY CO., LTD. (ESM)	It and the Company have the same ultimate parent company
Mace Digital Corporation (PTMG)	It and the Company have the same ultimate parent company
WEB-PRO Corporation (WPC)	It and the Company have the same ultimate parent company
New Best Hearing International Trade Co., Ltd. (NBHIT)	It and the Company have the same ultimate parent company
BenQ Guru Software Co., Ltd. (GSS)	It and the Company have the same ultimate parent company
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
AUO Corporation (AUO)	Associate of the parent company
Darfon Energy Technology Corp. (Darfon Energy)	Subsidiary of Darfon Electronics
Astro Tech Co., Ltd (Astro Tech)	Subsidiary of Darfon Electronics
DARAD INNOVATION CORPORATION (DARAD INNOVATION)	Subsidiary of Darfon Electronics

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<u>Name of related party</u>	<u>Relationship with the Group</u>
AUO Envirotech Inc. (AUO Envirotech)	Subsidiary of AUO
AUO Digitech Taiwan Inc. (AUO Digitech)	Subsidiary of AUO
AUO Display Plus Corporation (AUO Display Plus)	Subsidiary of AUO
DARWIN PRECISIONS CORPORATION (DARWIN)	Subsidiary of AUO
BenQ Foundation	Substantive related party
CHI KAI INTERNATIONAL CO., LTD. (CHI KAI INTERNATIONAL)	Substantive related party (Note 1)
RECEIVE-MORE INVESTMENTS NO 9 (PTY) LTD (RECEIVE-MORE INVESTMENTS NO 9)	Substantive related party
AMS HEALTHCARE (PTY) LTD (AMS HEALTHCARE)	Substantive related party
ASML LOGISTICS (PTY) LTD (ASML LOGISTICS)	Substantive related party
4A GROUP (PTY) LTD (4A GROUP)	Substantive related party
CLOUD 9 HOLDINGS (PTY) LTD (CLOUD 9 HOLDINGS)	Substantive related party
METAWORK (PTY) LTD (METAWORK)	Substantive related party
Key management personnel	Key management personnel of the Group

Note 1: CHI KAI-INTERNATIONAL is no longer a substantive related party of the Group due to the transfer of the capital on August 15, 2022.

(b) Significant related-party transactions

(i) Sales

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Parent Company	\$ 458	3,581	9,744	9,811
Associates	861	6,819	2,130	8,770
Other associates	31,994	30,317	102,241	73,622
Other related parties	<u>285</u>	<u>(7,445)</u>	<u>440</u>	<u>(7,285)</u>
	<u>\$ 33,598</u>	<u>33,272</u>	<u>114,555</u>	<u>84,918</u>

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The selling price offered to related parties approximated the market price, and the credit terms. For the nine months ended September 30, 2023 were based on terms ranging from advance receipt to 120 days after the end of the month; while the credit terms for the nine months ended September 30, 2022 ranged 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 purchase by the Group from related parties were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent Company	\$ -	-	999	-
Other associates	2,727	573	6,798	4,462
Other related parties	-	(36)	-	28,132
	\$ 2,727	537	7,797	32,594

Purchase prices and payment terms from related parties were not significant difference from third-party suppliers. The payment terms for the nine months ended September 30, 2023 and 2022 ranged from 30 to 90 days from the end of the month and prepaid to 90 days from the end of month, respectively. The Group requested a return of purchased goods from its other related parties for the nine months ended September 30, 2022. The refund receivables amounted to \$17,211 thousand had been fully received as of September 30, 2022.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable (including long-term)	Parent Company	\$ 32,926	76,083	70,882
Accounts receivable	Associates	904	423	7,160
Accounts receivable	Other associates	30,420	13,437	25,873
Accounts receivable	Other related parties	40	72	-
		\$ 64,290	90,015	103,915

(Continued)

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(iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable	Parent Company	\$ -	-	32
Accounts payable	Other associates	867	62	21
		<u>\$ 867</u>	<u>62</u>	<u>53</u>

(v) Lease

1) Lessor

The Group leased out building to its related parties. The amount of rental income were as follow:

<u>Lessee</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other associates - DFI	<u>\$ -</u>	<u>2,012</u>	<u>-</u>	<u>6,035</u>

The deposit and monthly rental are determined based on nearby office rental rates, and the rent is received monthly. As of September 30, 2023, December 31, 2022 and September 30, 2022, the other receivables amounted to \$0 thousand, \$0 thousand and \$1,408 thousand, respectively, which were recorded as other current assets.

2) Lessee

The Group rented buildings from its ultimate controlling company and entered into 10-years lease contract by reference of the rental price of the nearby offices. For the three and nine months ended September 30, 2023 and 2022, the Group recognized the interest expenses amounted to \$0 thousand, \$4 thousand, \$0 thousand, and \$11 thousand, respectively. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of lease liabilities amounted to \$0 thousand, \$0 thousand and \$743 thousand, respectively.

The Group rented buildings from its other related party and entered into 6-years lease contract by reference of the rental price of the nearby offices. For the three and nine months ended September 30, 2023 and 2022, the Group recognized the interest expenses amounted to \$124 thousand, \$123 thousand, \$268 thousand, and \$491 thousand, respectively. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of lease liabilities amounted to \$3,523 thousand, \$2,233 thousand and \$3,784 thousand, respectively.

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(vi) Donation

The Group made donations of \$2,000 thousand and \$3,000 thousand, respectively, to its substantive related party, BenQ Foundation, based on resolutions approved during the Board of Directors meeting held on February 23, 2023 and February 24, 2022. As of September 30, 2023, December 31, 2022 and September 30, 2022, the related other payable amounted to \$2,000 thousand, \$0 thousand and \$3,000 thousand, respectively.

(vii) Miscellaneous transactions

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

	Cost and expense				Other payables		
	For the three months ended September 30		For the nine months ended September 30		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Parent Company	\$ 56	138	468	776	-	128	-
Associates	5	-	5	-	-	-	-
Other associates	119	351	317	1,777	36	157	42
Other related parties	6,783	3,576	16,867	10,430	649	-	-
	<u>\$ 6,963</u>	<u>4,065</u>	<u>17,657</u>	<u>12,983</u>	<u>685</u>	<u>285</u>	<u>42</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 20,776	21,416	66,769	68,253
Post-employment benefits	268	321	801	964
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payment	-	-	-	-
	<u>\$ 21,044</u>	<u>21,737</u>	<u>67,570</u>	<u>69,217</u>

(8) Pledged assets

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

Asset Name	Liabilities secured by pledged	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	Long-term and short-term borrowings	<u>\$ 489,262</u>	<u>492,474</u>	<u>576,982</u>

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(9) Significant commitments and contingencies

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

	<u>Currency</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Promissory notes issued	NTD	\$ <u>5,932,000</u>	<u>5,846,000</u>	<u>6,106,000</u>
	USD	\$ <u>9,500</u>	<u>4,500</u>	<u>4,500</u>

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Others:

- (a) The summary of employee benefits, depreciation, depletion and amortization, by function, was as follows:

By item	By function	For the three months ended September 30, 2023			For the three months ended September 30, 2022		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		26,947	173,867	200,814	24,949	195,416	220,365
Labor and health insurance		1,889	15,180	17,069	1,725	13,738	15,463
Pension		997	7,321	8,318	881	6,764	7,645
Other employee benefits expense		1,086	12,119	13,205	1,305	4,966	6,271
Depreciation		1,005	19,955	20,960	982	20,573	21,555
Amortization		7	2,483	2,490	7	2,522	2,529

By item	By function	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		77,273	570,162	647,435	72,879	517,194	590,073
Labor and health insurance		5,487	45,659	51,146	4,846	40,446	45,292
Pension		2,852	21,745	24,597	2,495	19,449	21,944
Other employee benefits expense		2,648	35,631	38,279	2,890	25,533	28,423
Depreciation		2,971	59,259	62,230	2,949	60,907	63,856
Amortization		20	7,429	7,449	20	7,793	7,813

- (b) Seasonal operation:

The operations of the Group are not affected by seasonal or cyclical factors.

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(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 Group for the nine months ended September 30, 2023:

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

(In Thousands of New Taiwan Dollars)

No.	Name of Guarantor/Endorse	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 for guarantees and endorsements as of reporting date	Actual borrowing amount	Property pledged for guarantees and endorsements	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										
0	the Company	COREX	Subsidiary of the Company	Note 1	311,350	311,350	310,427	-	7.09 %	(Note 1)	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 \$877,995 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 \$2,194,987 thousand.

- (iii) Securities held as balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

Holder Company	Category and name of security	Relationship with company	Account	Ending Balance				Note	
				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	419,041	19.53	419,041	(Note 1)	
	"	CDS Holdings Limited	-	"	600	-	1.11	-	"
	"	YOBON TECHNOLOGIES, INC.	-	"	3	-	0.42	-	"
	"	Touch Cloud Inc.	-	"	200	-	1.50	-	"
	"	Gemini Data, Inc.	-	"	2,706	-	1.23	-	"
	"	KINGTEL CORPORATION	-	"	443	-	18.09	-	"
"	High Performance Information Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,138	98,904	8.88	98,904	"	
"	Equity:								
	Taiwania Capital Buffalo Fund V, L.P.	-	Non-current financial assets at fair value through profit and loss	(Note 2)	195,761	12.78	195,761	"	
	New Economy Ventures L.P.	-	"	(Note 2)	31,946	7.36	31,946	"	
					745,652		745,652		

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

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- (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 \$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock: None
- (viii) Receivable from related parties with amount exceeding the lower of \$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: Please refer to Note 6(b).
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany Transactions			
				Account	Amount	Trading terms	Percentage of the consolidated net sales or total assets
0	the Company	GLOBAL INTELLIGENCE NETWORK	1	Sales	94,858	60 days from the end of the month	0.90%
"	"	"	1	Accounts receivable	16,267	"	0.16%
"	"	"	1	Rental income	5,597	Payment on 10th of each month	0.05%
"	"	"	1	Other revenue	8,422	60 days from the end of the month	0.08%
"	"	EPIC CLOUD	1	Sales	42,015	"	0.40%
"	"	"	1	Accounts receivable	18,769	"	0.19%
"	"	"	1	Other revenue	6,073	"	0.06%
1	GLOBAL INTELLIGENCE NETWORK	the Company	2	Sales	12,578	"	0.12%
2	METAGURU	GLOBAL INTELLIGENCE NETWORK	3	Sales	5,280	"	0.05%
"	"	"	3	Accounts receivable	5,532	"	0.06%
3	APEO Human Capital	ADVANCEDTEK INTERNATIONAL	3	Sales	11,188	(Note 3)	0.11%

Note 1: No. are filled in as follows:

- (i) "0" represents the parent company
(ii) Subsidiaries are numbered starting from "1".

Note 2: Natures of relationship with counterparty are as below:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Clearance made within the month and payments received before the end of the month.

Note 4: Disclosure of only the amounts exceeding of \$5 million.

Note 5: Related transactions have been eliminated during preparing the consolidated financial statements.

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(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2023:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (loss) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	(In thousands of shares)	Percentage of ownership	Carrying amount			
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	119,657	119,142	10,505	79.58 %	182,623	12,520	9,946	(Notes 1 and 3)
"	EPIC CLOUD	Taiwan	Data software and data processing services	27,500	27,500	2,750	100.00 %	9,499	5,056	5,056	(Notes 1 and 3)
"	COREX	South Africa	Import and export of electronic products for sale and purchase	251,872	251,872	1	100.00 %	302,647	53,191	52,375	(Notes 1 and 3)
"	DSIGroup	Taiwan	Market research, management consulting and data processing services	69,983	69,983	1,754	34.99 %	78,755	(8,411)	(3,440)	(Notes 1 and 3)
"	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	20.96 %	110,436	20,713	2,739	(Note 2)
"	ADVANCEDTEK INTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	36,170	6,143	2,095	(Notes 1 and 3)
"	Everlasting Digital ESG	Taiwan	Development and sale of software	5,000	5,000	500	29.41 %	2,499	(2,809)	(614)	(Note 2)
"	Metaguru	Taiwan	R&D and sales of computer information systems	31,000	31,000	2,000	100.00 %	27,593	2,011	2,011	(Notes 1, 3 and 4)
EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	172	10	0.08 %	172	12,520	-	(Notes 1 and 3)
"	DSIGroup	Taiwan	Market research, management consulting and data processing services	40	40	1	0.02 %	40	(8,411)	-	(Notes 1 and 3)
ADVANCEDTEK INTERNATIONAL	APEO Human Capital	Taiwan	Applications of software implementing services	2,060	2,060	200	100.00 %	3,328	805	805	(Notes 1 and 3)
DSIGroup	DKABio	Taiwan	Market research, management consulting and data processing services	20,000	20,000	2,000	100.00 %	7,907	(4,543)	(4,543)	(Notes 1 and 3)

Note 1: Subsidiary of the Company.

Note 2: Associates of the Company.

Note 3: The equity transactions on the left have already been eliminated during preparing the consolidated financial statements.

Note 4: On February 20, 2023, pursuant to the resolutions approved during the board of directors, the investee company increased its capital by \$2,881 thousand and issued 288 thousand new shares, from retained earnings. The date of capital increase was March 17, 2023. The relevant statutory registration procedures have since been completed.

(c) Information on investment in Mainland China: None

(d) Major Shareholders:

Major shareholder's name	Unit: Shares	
	Shareholding	Percentage
Qisda	96,841,239	51.41 %

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(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended September 30, 2023						
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 1,140,494	1,424,747	222,831	756,088	71,240	-	3,615,400
Intersegment revenues	9,682	10,975	458	20,126	-	(41,241)	-
Total revenue	<u>\$ 1,150,176</u>	<u>1,435,722</u>	<u>223,289</u>	<u>776,214</u>	<u>71,240</u>	<u>(41,241)</u>	<u>3,615,400</u>
Gross profit	<u>\$ 151,653</u>	<u>205,516</u>	<u>22,676</u>	<u>182,484</u>	<u>22,417</u>	<u>13,155</u>	<u>597,901</u>
	For the three months ended September 30, 2022						
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 1,167,572	1,459,495	195,126	397,706	(4,817)	-	3,215,082
Intersegment revenues	1,982	17,936	1,223	13,401	-	(34,542)	-
Total revenue	<u>\$ 1,169,554</u>	<u>1,477,431</u>	<u>196,349</u>	<u>411,107</u>	<u>(4,817)</u>	<u>(34,542)</u>	<u>3,215,082</u>
Gross profit (loss)	<u>\$ 143,101</u>	<u>199,918</u>	<u>15,845</u>	<u>122,885</u>	<u>469</u>	<u>(9,393)</u>	<u>472,825</u>
	For the nine months ended September 30, 2023						
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 3,337,275	4,314,628	692,189	1,740,993	504,697	-	10,589,782
Intersegment revenues	26,314	84,802	3,845	46,159	-	(161,120)	-
Total revenue	<u>\$ 3,363,589</u>	<u>4,399,430</u>	<u>696,034</u>	<u>1,787,152</u>	<u>504,697</u>	<u>(161,120)</u>	<u>10,589,782</u>
Gross profit (loss)	<u>\$ 440,966</u>	<u>553,216</u>	<u>96,480</u>	<u>450,643</u>	<u>135,535</u>	<u>(51,423)</u>	<u>1,625,417</u>
	For the nine months ended September 30, 2022						
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 2,934,229	4,222,427	780,578	1,128,621	(1,893)	-	9,063,962
Intersegment revenues	7,110	64,252	2,086	34,174	-	(107,622)	-
Total revenue	<u>\$ 2,941,339</u>	<u>4,286,679</u>	<u>782,664</u>	<u>1,162,795</u>	<u>(1,893)</u>	<u>(107,622)</u>	<u>9,063,962</u>
Gross profit (loss)	<u>\$ 368,991</u>	<u>452,268</u>	<u>78,647</u>	<u>382,527</u>	<u>1,041</u>	<u>(5,147)</u>	<u>1,278,327</u>