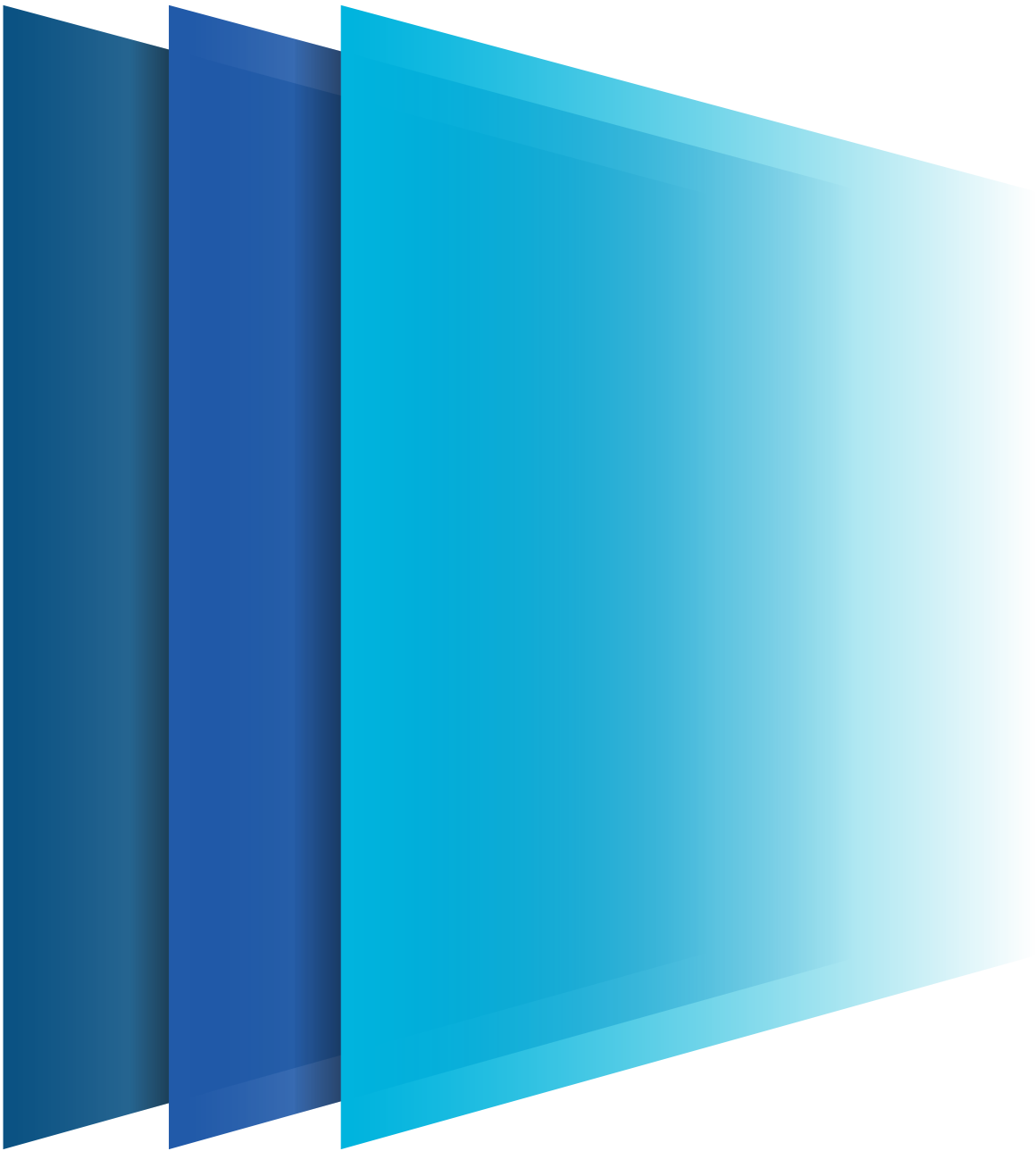


Stock Code: 6950

KKCOMPANY

KKCompany Technologies Inc.

2023 Annual Report



// Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Publication Date: May 31, 2024

Market Observation Post System: <https://mops.twse.com.tw/>

Company Website: www.kkcompany.com/

I. Names, titles, contact number and email of the Company's Spokesperson and Deputy Spokesperson:

Spokesperson: Tay Yi Cheah Title: Chief Financial Officer

Contact number: +886-2-2655-7557

Email: investors@kkcompany.com

Deputy Spokesperson: Chen, Yen-Chen; Title: Assistant Vice President, Investment Division

Contact number: +886-2-2655-7557

Email: investors@kkcompany.com

II. Addresses and telephone numbers of headquarter, branch offices, and subsidiaries:

(I) Address and telephone number of headquarter

Company Name: KKCompany Technologies Inc.

Website: www.kkcompany.com/

Registered Address: Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands

Telephone: +886-2-26557557

(II) Addresses and telephone numbers of subsidiaries and sub-subsidiaries:

1. Company Name: KKBOX Taiwan Co., Ltd.

Address: 16th Floor, No. 16, Kunyang Street, Nangang District, Taipei City 115, Taiwan

Telephone: +886-2-2655-7557

2. Company Name: KKBOX Hong Kong Limited

Address: Office G, 18th Floor, Monterey Plaza, No. 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong

Telephone: +852-22715000

3. Company Name: KKBOX International Limited

Address: Office G, 18th Floor, Monterey Plaza, No. 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong

Telephone: +852-22715000

4. Company Name: KKCompany Technologies Pte. Ltd.

Address: 9 Raffles Place, #26-01 Republic Plaza, Singapore (048619)

Telephone: -

5. Company Name: KKCompany Media & Technology Limited

Address: Office G, 18th Floor, Monterey Plaza, No. 15 Chong Yip Street,
Kwun Tong, Kowloon, Hong Kong
Telephone: +852-22715000

6. Company Name: KKStream Limited

Address: Office G, 18th Floor, Monterey Plaza, No. 15 Chong Yip Street,
Kwun Tong, Kowloon, Hong Kong
Telephone: +852-22715000

7. Company Name: KKStream Technologies Co., Ltd.

Address: 16th Floor, No. 16, Kunyang Street, Nangang District, Taipei
City 115, Taiwan
Telephone: +886-2-2655-0128

8. Company Name: KKCompany Japan LLC

Address: 6F, Shibuya Toyu Building Roku. 1-4-2, Shibuya, Shibuya-ku,
Tokyo, 150-0002, Japan
Telephone: +81 3 6758 7400

9. Company Name: Going Cloud Co., Ltd.

Address: 16th Floor, No. 16, Kunyang Street, Nangang District, Taipei
City 115, Taiwan
Telephone: +886-2-2655-7557

10. Company Name: Going Cloud Pte. Ltd.

Address: 9 Raffles Place, #26-01 Republic Plaza, Singapore (048619)
Telephone: -

11. Company Name: KKCompany Technologies Pte. Ltd., Taiwan Branch

Address: 16th Floor, No. 16, Kunyang Street, Nangang District, Taipei
City 115, Taiwan
Telephone: +886-2-2655-7557

12. Company Name: Going Cloud Japan LLC

Address: 11th Floor, Nihonbashi Sanhome Square, 3-9-1 Nihonbashi,
Chuo-ku, Tokyo, Japan
Telephone: +81 3 6758 7400

13. Company Name: Taiwan Kuro Times Co., Ltd.

Address: 16th Floor, No. 16, Kunyang Street, Nangang District, Taipei
City 115, Taiwan
Telephone: +886-2-2655-7557

III. Name, address, website, and telephone number of stock transfer agency:

Name: Shareholder Services Department, President Securities Corporation

Address: B1, No. 8, Dongxing Road, Songshan District, Taipei City, Taiwan

Website: <https://www.pscnet.com.tw>

Telephone: +886-2-2746-3797

IV. Name of the certified public accountants for the latest financial statements, and name, address, website and contact number of the accounting firm:

Accountant: Chih-Ming Shao, and Kuo-Ning Huang

CPA Firm: Deloitte & Touche

Address: 20th Floor, No. 100 Songren Road, Xinyi District, Taipei City, Taiwan

Website: www.deloitte.com

Telephone: +886-2-2725-9988

V. Name of the overseas securities exchange where securities are listed for trading and method to inquire about information regarding the overseas securities: Not applicable.

VI. Company website: www.kkcompany.com/

Contents

| | |
|---|-----------|
| ONE. LETTER TO SHAREHOLDERS..... | 1 |
| TWO. COMPANY OVERVIEW | 6 |
| I. DATE OF INCORPORATION | 6 |
| II. MILESTONES..... | 6 |
| THREE. CORPORATE GOVERNANCE REPORT | 8 |
| I.ORGANIZATION SYSTEM | 8 |
| II.INFORMATION ON DIRECTORS, SUPERVISORS, GENERAL MANAGERS, DEPUTY GENERAL MANAGERS, ASSOCIATE MANAGERS, AND HEADS OF DEPARTMENTS AND BRANCHES | 11 |
| III.REMUNERATION PAID TO DIRECTORS, SUPERVISORS, GENERAL MANAGER AND DEPUTY GENERAL MANAGER IN THE MOST RECENT YEAR | 30 |
| IV.CORPORATE GOVERNANCE OPERATIONS | 36 |
| V.ACERTIFIED PUBLIC ACCOUNTANT (CPA) FEE INFORMATION | 71 |
| VI.CHANGE OF ACCOUNTANT INFORMATION..... | 72 |
| VII.THERE HAVE BEEN NO INSTANCES IN THE PAST YEAR WHERE THE COMPANY’S CHAIRMAN, GENERAL MANAGER, PERSON IN CHARGE OF FINANCE, OR ACCOUNTING MANAGER SERVED AT THE ACCOUNTING FIRM OR ITS AFFILIATED ENTERPRISES. ... | 72 |
| VIII.SHAREHOLDING TRANSFER AND PLEDGE CHANGES OF DIRECTORS, SUPERVISORS, MANAGERS, AND SHAREHOLDERS WITH OVER 10% SHAREHOLDING: | 72 |
| IX. INFORMATION ON SHAREHOLDERS AMONG THE TOP TEN SHAREHOLDERS WHO ARE RELATED PARTIES OR SPOUSES, RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP | 74 |
| X. THE COMPANY, ITS DIRECTORS, SUPERVISORS, MANAGERS, AND ENTERPRISES DIRECTLY OR INDIRECTLY CONTROLLED BY THE COMPANY, HOLD SHARES IN THE SAME INVESTMENT ENTERPRISE, AND THE COMPREHENSIVE SHAREHOLDING RATIO IS CALCULATED BY CONSOLIDATION | 74 |
| FOUR. CAPITAL RAISING SITUATION..... | 76 |
| I.CAPITAL AND SHAREHOLDING | 76 |
| II.COMPANY BONDS (INCLUDING OVERSEAS COMPANY BONDS)..... | 85 |
| III.PREFERRED SHARES | 85 |
| IV.PARTICIPATION IN OVERSEAS DEPOSITARY RECEIPTS | 85 |
| V.EMPLOYEE STOCK OPTIONS | 85 |
| VI.COMPANY RESTRICTED EMPLOYEE STOCK HANDLING SITUATION..... | 85 |
| VII. MERGER OR ACQUISITION OF SHARES OF OTHER COMPANIES BY ISSUING NEW SHARES..... | 89 |

| | |
|---|------------|
| VIII.EXECUTION STATUS OF FUND UTILIZATION PLAN..... | 88 |
| FIVE. OVERVIEW OF BUSINESS ACTIVITIES | 90 |
| I. DESCRIPTION OF BUSINESS..... | 90 |
| II. MARKET AND SALES OVERVIEW..... | 116 |
| III.EMPLOYEE DATA FOR THE LAST TWO FISCAL YEARS..... | 123 |
| IV. ENVIRONMENTAL EXPENDITURE INFORMATION..... | 124 |
| V. LABOR-CAPITAL RELATIONS..... | 125 |
| VI.INFORMATION AND COMMUNICATION SECURITY MANAGEMENT | 126 |
| VII. IMPORTANT CONTRACTS..... | 130 |
| SIX. OVERVIEW OF FINANCIAL STATUS..... | 132 |
| I.SUMMARY FINANCIAL INFORMATION FOR THE LAST FIVE FISCAL YEARS..... | 132 |
| II.FINANCIAL DATA FOR THE LAST FIVE YEARS | 135 |
| III.AUDIT COMMITTEE REVIEW REPORT FOR THE MOST RECENT ANNUAL FINANCIAL REPORT | 138 |
| IV.THE MOST RECENT ANNUAL FINANCIAL REPORT, INCLUDING THE AUDITOR’S REPORT, COMPARATIVE BALANCE SHEETS FOR TWO YEARS, COMPREHENSIVE INCOME STATEMENTS, STATEMENT OF CHANGES IN EQUITY, CASH FLOW STATEMENTS, AND NOTES OR APPENDICES. | 138 |
| V.THE MOST RECENT ANNUAL INDIVIDUAL FINANCIAL REPORTS CERTIFIED BY THE AUDITOR | 138 |
| VI.ANY FINANCIAL DIFFICULTIES EXPERIENCED BY THE COMPANY AND ITS RELATED ENTERPRISES IN THE MOST RECENT YEAR AND UP TO THE PRINTING DATE OF THE ANNUAL REPORT:NO SUCH ISSUES OCCURRED..... | 138 |
| SEVEN. REVIEW AND ANALYSIS OF FINANCIAL CONDITION AND FINANCIAL PERFORMANCE AND ASSESSMENT OF RISK FACTORS..... | 139 |
| I. FINANCIAL CONDITION..... | 139 |
| II. FINANCIAL PERFORMANCE..... | 140 |
| III. CASH FLOW | 140 |
| IV. IMPACT OF SIGNIFICANT CAPITAL EXPENDITURES IN THE RECENT FISCAL YEAR 141 | |
| V. RECENT INVESTMENT POLICIES, MAIN REASONS FOR PROFIT OR LOSS, IMPROVEMENT PLANS, AND INVESTMENT PLANS FOR THE NEXT YEAR | 141 |
| VI. ANALYSIS AND ASSESSMENT OF RISK FACTORS UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT, INCLUDING THE IMPACT OF INTEREST RATE FLUCTUATIONS, EXCHANGE RATE CHANGES, AND INFLATION, ON COMPANY PROFIT AND LOSS, AND FUTURE RESPONSE MEASURES | 143 |
| EIGHT. SPECIAL NOTE..... | 153 |
| I. INFORMATION ON RELATED COMPANIES..... | 153 |

| | |
|---|-----|
| II.OPERATING OVERVIEW OF EACH RELATED ENTERPRISE..... | 158 |
| III. REGARDING THE HANDLING OF PRIVATE SECURITIES IN THE MOST RECENT FISCAL YEAR AND UP TO THE DATE OF PRINTING OF THIS ANNUAL REPORT: NONE. | 160 |
| IV.REGARDING THE HOLDING OR DISPOSAL OF THE COMPANY’S STOCK BY SUBSIDIARIES IN THE MOST RECENT FISCAL YEAR AND UP TO THE DATE OF PRINTING OF THIS ANNUAL REPORT. | 160 |
| V.OTHER NECESSARY SUPPLEMENTARY EXPLANATIONS..... | 160 |

APPENDIX 1. AUDIT COMMITTEE’S REVIEW REPORT

APPENDIX 2. 2023 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AUDITED AND CERTIFIED BY CPAS

ONE. Report to Shareholders

Dear Shareholders,

With "information visualization" and "optimized human to computer communication" emerging as two major market trends, the digital technology landscape is evolving rapidly. As a pioneer in the software technology, KKCompany Technologies Inc. (hereinafter referred to as KKCompany) not only created the world's first legal music streaming service KKBOX, establishing a strong presence in the Asian market, but also proactively developed multimedia technologies, digital clouds, and AI-powered products and applications a decade ago. We provide essential software solutions for businesses, and have expanded our reach to the global market, including Japan. Currently, KKCompany operates with dual growth engines, encompassing both our own brand (B2C) and enterprise software solutions (B2B).

Over the years, KKBOX has secured a leadership position in the Taiwan market, with its core development focused on music streaming service technology. In addition to creating differentiation from other global competitors, KKBOX has also established mutually beneficial business collaborations with several telecommunications operators in Taiwan. These partnerships have enabled KKBOX to maintain a steady growth in subscribers amidst competitive pricing in Taiwan's music streaming market. Notably, in 2023, the strategic acquisition of Taiwan Kuro Times Co., Ltd., the music streaming service operator under Taiwan Mobile has significantly boosted the company's revenue from telecom channels, starting from the fourth quarter of 2023, and has driven overall growth in KKBOX subscribers.

In 2024, driven by the strong demand for digital transformation and AI solutions, KKCompany is poised for rapid growth. Leveraging our established brand value, AI technology applications, and multimedia streaming SaaS products, backed by a highly skilled software workforce, we have built a strong competitive moat. We will utilize our AI-Multimedia technology-focused brand, BlendVision, to extend standardized streaming products and software services (B2B), replicating our successful Taiwan business model in the Japan market. By catering to diverse industries such as music, television broadcasting, and small and medium-sized enterprises, this strategic expansion will usher in a new era of exponential growth for KKCompany.

Abstract of the performance in FY2023 and business plans of this year:

I. 2023 Business Results

(1) Operational Achievements

In 2023, KKCompany's consolidated revenue reached NT\$2.97 billion, on par with the previous year. The gross profit margin and net profit margin were 38% and 2%, respectively. Net income after tax was NT\$79.06 million, with earnings per share at NT\$0.66. The Company's profitability slightly declined compared to last year, primarily due to increased investment in product and market development. Driven by strong demand in AI, multimedia, and cloud markets, the Company expects the revenue will gain steam as profitability improves.

(2) Key Business Achievements

1. Successful International Sales Strategy Drives Product Expansion into Japan and Southeast Asia

KKCompany continues to develop partnerships with key regional players and sales channels. In Japan, we have established strategic collaborations with three major IT distributors to reach a wider range of enterprise customers, strengthening our sales presence in the region. Additionally, the Company has made significant strides in Southeast Asia by signing a strategic partnership agreement with AMPOS, a leading digital solutions provider in Thailand. This partnership will help the Company establish local distribution channels and relationships, promoting KKCompany's AI and multimedia products into Southeast Asian market. Furthermore, Microsoft, a long-term strategic partner of KKCompany, invited us to join their startup initiative, "Highway to 100 Unicorns", in 2023. Through Microsoft's partner ecosystem, we expect to accelerate our overseas market development and deepen collaboration in music, multimedia expertise, and Microsoft's AI/cloud technologies, jointly exploring more application scenarios.

2. Seizing Market Trends and Launching the One-Stop Video Streaming Technology Service, BlendVision One, to Assist Enterprises in Digital Transformation

With video streaming gradually replacing traditional viewing habits as the primary channel for internal and external communication within enterprises, an increasing number of companies are seeking to adopt streaming technology, and leverage AI innovation to accelerate their digital transformation. In response to this demand, KKCompany's Multimedia Technologies Business launched BlendVision One, a cloud-based, one-stop video SaaS. This service provides clients across various industries a comprehensive range of standardized modules for live streaming, video-on-demand, encoding, and digital image protection. Furthermore, the Multimedia Technologies Business has also assisted in upgrading the Taipei CooC-Cloud education streaming platform, "CooC+," enhancing the user viewing experience, improving teaching quality, and integrating the latest AI product, BlendVision AiSK. This integration enables the system to understand instructional videos and learning materials. "CooC+" is scheduled to officially launch in 2024.

3. Continued Strengthening of KKBOX's Leading Position in Taiwan's Music Streaming Market, and Initiating Business Cooperation with Taiwan Mobile:

KKCompany's flagship music IP, the KKBOX Music Awards, has reached its 18th edition, signifying its coming of age as the largest and most prestigious award ceremony in the Chinese music industry, while continuing to implement a localized brand strategy. At the end of the year, the group completed the acquisition of Taiwan Kuro Times Co., Ltd. (the operator of MyMusic), a subsidiary of Taiwan Mobile, for US\$30 million. The consolidation of both sides' resources and the strategic partnership with Taiwan Mobile allows KKBOX to directly reach nearly 10 million Taiwan Mobile users, enhancing brand influence and solidifying KKBOX's leading position in Taiwan's music streaming market.

II. Focus of Future Business Plans

Looking ahead to 2024, the global economic environment is expected to remain volatile due to the ever-changing geopolitical landscape. Despite uncertainties, overall economic performance is anticipated to gradually stabilize and improve. In particular, the rapid rise of AI applications presents significant growth opportunities for the

group's businesses.

To capitalize on the trends, KKCompany will leverage its over a decade of product development experience and technological research capabilities to actively innovate through AI and expand business scope. The Company will also continue to utilize its three competitive advantages: "product strength," "brand power," and "distribution capabilities", to enhance its growth momentum. KKCompany aims to secure a prominent position in the future development of the global AI ecosystem. Simultaneously, we are planning strategic mergers and acquisitions or investments, targeting products, channels, and professionals that can create synergies for the group. This will further accelerate our business expansion, increase market penetration, and ultimately enhance our overall market influence.

The following is a brief overview of the key development strategies for each business:

Music Streaming Business:

In addition to maintaining KKBOX's leading position in Taiwan and Hong Kong, we will continue to explore opportunities for sales channel or product collaborations with large enterprises, ensuring that the existing music streaming business outperforms its peers in terms of cash flow and profitability. Simultaneously, the Group will also invest in developing next-generation music products and services to better cater to the diverse needs of consumers.

Multimedia Technologies and Digital Business Solutions Business:

With the rapid accumulation of visual content, the speed of information digestion will lag far behind the speed of accumulation. To address this, KKCompany will capitalize on new technological demands by developing AI products that can help clients maximize the value of their visual content and information. In terms of market expansion, thanks to Japan government's active promotion of AI deployments and business digital transformation, coupled with the Company's years of cultivation and in-depth presence in Japanese market, Japan will become the main driver of our business growth in the future. Additionally, with the completion of initial investments in products developments & marketing, the Group will focus on increasing the gross margin of SaaS products to further improve profitability in the long run.

Finally, we would like to express our sincere gratitude to all shareholders for your support and encouragement towards KKCompany. We wish you good health, peace, and prosperity.

KKCompany Chairman and CEO: Wang, Hsien Tang

TWO. Company Overview

I. Date of Incorporation: November 23, 2022

II. Milestones

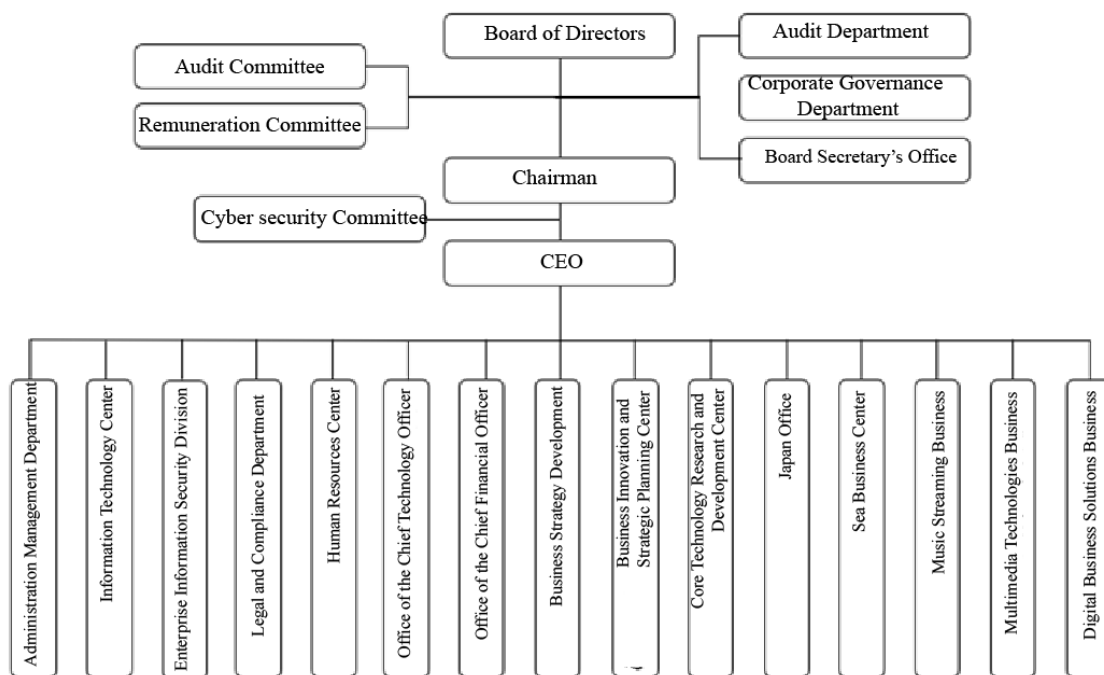
| Year | Milestones |
|------|--|
| 1999 | ◆ Established KKBOX Taiwan Co., Ltd. in Taiwan. |
| 2005 | ◆ Launched KKBOX in Taiwan, the world's first legally authorized music streaming service. |
| 2006 | ◆ Held the first digital music awards ceremony "KKBOX Music Awards" (formerly KKBOX Digital Music Awards). |
| 2007 | ◆ Chunghwa Telecom invested in the Company, paving the way for business collaboration. ◆ KKBOX won the "e-21 Golden Network Award" and the "96 Information Month Outstanding Information Application and Product Award". |
| 2008 | ◆ KKBOX won the championship in the Innovative Application Service category of the 11th IT Best Choice Awards by the Institute for Information Industry. In the same year, KKBOX introduced social interaction features for the first time and launched the KKBOX to go service, leading the industry by being the first to bring music streaming services to mobile phones. |
| 2009 | ◆ KKBOX launched its service in Hong Kong, marking its first overseas expansion. ◆ Successfully launched KKBOX iPhone/iPod Touch version and Android version, fully embracing the smartphone market. |
| 2010 | ◆ KKBOX iPhone version won the "Outstanding Information Application and Product" award from Information Month. ◆ KKBOX won the "Gold Quality Award" at the e-21 Golden Web Awards. ◆ Received investment from Japan's KDDI Corporation. |
| 2011 | ◆ KKBOX launched its signature social feature "Listen with." ◆ Collaborated with Chunghwa Telecom to launch the world's first public music broadcasting service "Funplay". ◆ Teamed up with KDDI Corporation to launch the LISMO Unlimited cloud music service, entering the Japanese market. ◆ Received investment from HTC Corporation. |
| 2012 | ◆ KKBOX became the first music streaming partner of Facebook in the Asia-Pacific region. |
| 2013 | ◆ KKBOX officially launched in Singapore and Malaysia. ◆ LISMO Unlimited was renamed KKBOX, marking KKBOX's official entry into the Japanese market. |
| 2014 | ◆ Received investment from the Government of Singapore Investment Corporation (GIC). ◆ KKBOX became a content partner of Google Chromecast in Taiwan. |
| 2015 | ◆ KKBOX launched its personalized recommendation feature. ◆ KKBOX was available on Apple Watch and Android smartwatches. ◆ Developed Video Pass (now TELASA) video streaming platform for KDDI |

| Year | Milestones |
|------|---|
| | Corporation to accommodate million users, and officially launched video streaming business in Japan. |
| 2018 | ◆ KKBOX was honored as the Most Popular App of 2018 on Google Play. |
| 2019 | <ul style="list-style-type: none"> ◆ Assisted the second largest cable TV company in Japan in becoming the first provider of seamless integrated solutions for multi-channel audio and video programs and helped increase its market share among Japan's premium segment. ◆ Awarded the Gold Award in the Knowledge Service Industry category at the 18th Innovative Business Awards by the Ministry of Economic Affairs. ◆ Officially launched our audiovisual streaming technology brand BlendVision. |
| 2020 | <ul style="list-style-type: none"> ◆ KKBOX Podcast service went live and invested in Taiwan's leading podcast hosting service provider, Firstory. ◆ BlendVision obtained patents for "BIT RATE OPTIMIZATION SYSTEM AND METHOD" in Taiwan, the United States, and Japan. |
| 2021 | <ul style="list-style-type: none"> ◆ KKBOX introduced its "Hi-Res" music format that surpasses CD audio quality, and launched its three- and six-person Family Plans ◆ KKBOX, in collaboration with Firstory, introduced its "Music Embedding" feature, enabling podcasts to access a library of 70 million songs. ◆ BlendVision assisted a renowned Japanese fitness brand in launching immersive home fitness streaming services during the pandemic. |
| 2022 | <ul style="list-style-type: none"> ◆ KKCompany was awarded the First OpenChain ISO/IEC 5230 Open-Source Third-Party Certification in Taiwan. ◆ KKBOX teamed up with Firstory, launching Dynamic Ad Insertion "DAI" in Taiwan to support content monetization for creators. ◆ Established our Digital Business Solutions business and launched our proprietary brand "Going Cloud," becoming an AWS business partner, expanding our Cloud, Big Data, and Artificial Intelligence business lines. ◆ Established our group holding company, KKCompany Technologies Inc., consolidating three major businesses: Music Streaming, Multimedia Technologies, and Digital Business Solutions, focusing on streaming, cloud, and AI technology services. |
| 2023 | <ul style="list-style-type: none"> ◆ BlendVision launched its next-generation integrated streaming technology service, BlendVision One. ◆ Successfully completed pre-IPO funding for the group, securing several local strategic investors. ◆ Signed the share purchase agreement of Taiwan Kuro Times Co., Ltd. and commenced business collaboration with Taiwan Mobile Group. |

THREE. Corporate Governance Report

I. Organization System

(I) Organization Structure



(II) Businesses operated by each major department

| Department Names | Department Responsibilities |
|---------------------------------|--|
| Chairman | Handling significant matters authorized by the Board of Directors and ensuring the implementation of decisions made during meetings. Regularly convening shareholder meetings and board meetings and overseeing the Board of Directors. |
| Audit Department | Conducting audits based on the audit plan to assess the design, execution effectiveness, deficiencies, and operational efficiency of internal control systems within the group's companies. Providing improvement suggestions to ensure the continuous and effective implementation of internal control systems and enhance overall operational performance. |
| Corporate Governance Department | Responsible for legally formulating regulations related to internal Board of Directors and shareholder meetings within the group; ensuring the accuracy of Board of Directors and shareholder meeting minutes; assisting directors in their appointment and ongoing education; and assisting directors in compliance with laws. |
| Board Secretary's | In charge of preparing and executing meetings of the Board of Directors, shareholder meetings, and functional committees in accordance with relevant |

| Department Names | Department Responsibilities |
|---|---|
| Office | regulations and corporate governance standards. Additionally, responsible for matters related to shareholding and business registration. Additionally, responsible for matters related to shareholding and business registration. |
| Cyber Security Committee | As the oversight role for promoting information security within the group, responsible for convening management review meetings to audit the overall operation of the Information Security Management System (ISMS) to ensure its applicability, adequacy, and effectiveness are maintained and continuously improved. The committee not only evaluates changes in the internal and external information security environment of the organization, but also reviews past management review decisions and their implementation status. |
| Digital Business Solutions Business | The Digital Business Solutions Business will leverage the extensive cloud technology experience accumulated by the group in the past, along with partnerships established with public cloud providers, to extend the technological services of cloud and artificial intelligence transformation to industrial customers both domestically and internationally. |
| Multimedia Technologies Business | The Multimedia Technologies Business Group covers BlendVision marketing strategy and execution, market expansion, key partnership establishment, and business operations on the business front. On the technical side, it includes BlendVision product planning, customer demand management, cloud service management, feature development, operation, and lifecycle control. |
| Music Streaming Business | Responsible for business expansion of the group's music streaming business, key business development, and strategic layout planning for the group's music streaming business. Through product design, technological exploration, and innovation in business models, aiming to enhance user experience and product effectiveness. |
| Sea Business Center | Responsible for gathering and analyzing business information, marketing, and business expansion in the Southeast Asian market. |
| Japan Office | Responsible for gathering and analyzing business information, marketing, and business expansion in the Japanese market. |
| Core Technology Research and Development Center | To meet the group's technological development needs and establish future competitiveness, we prioritize delving into forward-looking technologies, researching new core technologies, and collaborating with external research entities to co-create. By integrating new knowledge, skills, and technologies into the group, we aim to enhance its technical and research capabilities. |
| Business Innovation and Strategic Planning Center | Through continuous market monitoring and analysis, we promptly understand market dynamics and competitors' strategies, providing business information as a reference for business strategy and action plans. Additionally, responsible for business incubation: integrating existing technologies, internal and external resources, and investment assessments, to create new business possibilities and drive internal innovation within the group. |
| Business Strategy Development | Additionally, we assist in formulating the group's development strategy and identifying future development directions. We seek suitable external partners based on the group's development direction to assist in the success of existing |

| Department Names | Department Responsibilities |
|--|---|
| | and future product brands. |
| Office of the Chief Financial Officer | Responsible for assisting the group in achieving operational objectives by effectively allocating and utilizing group financial resources to maintain a sound capital structure. Also accountable for providing timely and accurate financial and business information as a reference for various operational decisions. |
| Office of the Chief Technology Officer | Dedicated to leveraging technology to drive business innovation in the media and streaming industries, while enhancing the group's technological productivity and reshaping its diverse engineering culture. Maintaining close relationships with the government to create win-win opportunities for the industry. |
| Human Resources Center | Responsible for designing, planning, and providing talent recruitment, organizational structure design, talent development planning, and competitive and strategic compensation and reward policies to support the group in achieving its goals. Committed to establishing a performance-driven culture and promoting professional services in areas such as organizational change in the field of human resources. |
| Legal and Compliance Department | Develop relevant measures to ensure that the group's operations comply with regulations and confirm that the group's operations adhere to internal regulations. Draft and review legal documents required for the group's operations and provide legal advice necessary for business unit operations. |
| Technical Risk Management Department | Responsible for managing information technology-related risks within the group, including planning, establishing, and maintaining information security and open-source licensing policies. Drive the implementation and enforcement of international standards, continuously assess and strengthen internal management processes through education, training, internal audits, and drill activities. Assist the group in achieving business objectives while ensuring effective management of information technology-related risks. |
| Information Technology Center | Responsible for the group's information technology infrastructure and service desk support. Main responsibilities include network planning, server management, hardware and software support, implementation of information security measures, providing technical support for employees, and overseeing information technology procurement. Ensure the stable operation of the group's information technology systems and provide efficient technical support to support the group's business development. |
| Administration Management Department | Responsible for group public administrative affairs, office planning and management, promoting and executing occupational health and safety matters, and providing assistance to the Welfare Committee for colleagues' welfare issues. Planning and implementing sustainable development carbon reduction policies. |

II. Information on directors, supervisors, general managers, deputy general managers, associate managers, and heads of departments and branches

(I) Directors and supervisors

1. Names, academic qualifications, shares held, and nature of directors and supervisors.

May 31, 2024; Unit: Shares; %

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remark |
|-----------|------------------------|---------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|---|---|---|------|----------------------|-----------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Chairman | Wang, Hsien Tang | Male 51-60 | R.O.C | August 10, 2023 | August 10, 2023 | 3 | 1,133,926 | 0.764% | 1,133,926 | 0.691% | - | - | 1,056,448 (Note 1) | 0.644% | KKCompany group /General Manager and Chief Operating Officer KKBOXgroup/Chief Financial Officer (CFO) National Chengchi University/Department of Business Administration Master's degree Bachelor's degree from National Chengchi University/Department of Business Administration□ | KKCompany Technologies Inc. /Chairman & CEO & Security Officer Siangting Capital Limited / Director KKCompany Technologies Inc. /Chairman & CEO & Security Officer KKCompany Technologies Pte. Ltd. / Director KKCompany Media &Technology Limited / Director KKBOX International Limited / Director KKBOX Hong Kong Limited / Director Going Cloud Pte. Ltd. / Director KKStream Limited / Director KKBOX Taiwan Co., Ltd (Skysoft Co., Ltd). / Chairman Going Cloud Pte. Ltd. / Chairman KKStream Technologies Co., Ltd. / Chairman KOKO ENTERTAINMENT CO., LTD. - Director TAIWAN KURO TIMES CO., LTD. - Chairman | - | - | - | Note 2 |

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remark |
|-----------|------------------------|---------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|--|--|---|------|----------------------|--------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Shareholdi ng ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Shareholdi ng ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Director | Lin, Kwan- Chiun | Male 41-50 | R.O.C. | August 10, 2023 | August 10, 2023 | 3 | 3,918,704 | 2.641% | 3,918,704 | 2.390% | - | - | - | - | KKBOX / Founder KKCompany / Founder Stanford University / Master of Operations Research Boston University / Bachelor of Manufacturing Engineering | Chosen Partner Investment Limited / Director Spirit Scientific Co. Ltd. / Director Transparent Arts Corp. / Director KKCompany Inc. / Director KKCulture International Limited / Director KKV International Limited / Director KKLive Limited/ Director KKVideo Limited / Director KKFarm Inc. / Director ChynaHouse Inc. / Director KKFarm International Limited / Director KKFarm International Pte. Ltd. / Director BIOS Cultural and Creative Agency Limited / Director The Farm Holding / Director OurSong Limited / Director Our Happy Company Pte. Ltd. / Director KKLab Inc. / Director KKLab Technologies Pte. Ltd. / Director Skysoft Inc. / Director KKCulture International Limited / Director Walking Internet Entertainment Limited/Chairman JUST LIVE CO., LTD./Director KKTV Co., LTD./Chairman BIOS Group Co.,Ltd./Director Onepage Culture Production Company Limited / Director Our Happy Company Co., Ltd./Director KKFARM CO., LTD/Chairman Director, Studio76 Original Productions Co., Ltd. Director of Spirit Scientific Co., Ltd KKInnovation Arts Co., Ltd/ Chairman BOLU Management Consulting Co., Ltd./Chairman | - | - | - | - |

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remarks |
|-----------|---------------------|---------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|---|---|---|------|----------------------|---------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Director | Tay Yi-Cheah | Male 41-50 | Singapore | August 10, 2023 | August 10, 2023 | 3 | 54,635 | 0.037% | | 0.300% | - | - | - | - | Singapore Government Investment Corporation (GIC) / Senior Vice President Singapore-based Cecil Street Capital Management / Co-founder Singapore-based H Partners Financial Holdings / Chief Investment Officer Bachelor of Science in Computer Science from Tokyo Institute of Technology | KKCompany Technologies/Chief Financial Officer KKCompany Technologies Pte. Ltd. / Director KKCompany Media & Technology Limited / Director KKBOX International Limited / Director KKBOX Hong Kong Limited / Director KKCompany Contract Company/Executive Manager Going Cloud Pte. Ltd. /Director Going Cloud Contract Company / Executive Manager Skysoft Co., Ltd. (KKBOX Taiwan Co., Ltd). /Director | - | - | - | - |
| Director | Tsiang, Benjamin S. | Male 51-60 | R.O.C. | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | 44,707 | 0.027% | - | - | CNEX STUDIO CORPORATION/ Co-founder SINA / Co-founder Stanford University / Master of Mechanical Engineering National Taiwan University / Bachelor of Mechanical Engineering | CNEX STUDIO CORPORATION/Chairman CNEX Corporation/Chairman Maverick Digital CO., LTD./Director BIOS Group Co., Ltd. /Director G MOTOR POWER CO., LTD./Director Benji Co., Ltd./Chairman Giloo Group Limited (Cayman) / Chairman Curry Film Co., Ltd./Director /Director BIOS Cultural and Creative Agency Limited / Director | - | - | - | - |

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remark |
|-----------|------------------------|-------------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|--|--|---|------|----------------------|--------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Director | Wang, Wei- Chung | Male 61- 70 | R.O.C. | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | Golden Star Entertainment Co., Ltd./General Manager MCA International/Taiwan General Manager TVBS Media Inc./Deputy General Manager Fu Long Production Co./Producer Bachelor of Journalism,Chinese Culture University | Gold Star Cultural and Creative Production Co., Ltd./General Manager Gold Star Entertainment Co., Ltd./General Manager Taipei Culture Foundation/Director Taiwan Cultural & Creativity Development Foundation /Director Gold Star Entertainment Co. Ltd./Supervisor Million Star Entertainment Inc./Director Max Management Consulting Co., Ltd. / Director | - | - | - | - |
| Director | SHIGE TA Kohei | Male 41- 50 | Japan | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | KDDI Corporation, Personal Business Division, Business and Service Development Headquarters,Deputy General Manager Bachelor of Electrical Engineering, Department of Electrical Engineering, Faculty of Engineering,Tokyo University of Science | KDDI Co., Ltd./Personal Business Division Marketing Headquarters/Deputy Headquarters menu, Inc. /Director TELASA CORPORATION / Director | - | - | - | - |

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remark |
|-------------------------|----------------------|-------------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|---|---|---|------|----------------------|--------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Shareholdi ng ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Shareholdi ng ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Director | MASUDA Tatsuya | Male 41- 50 | Japan | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | Keio University/Bachelor of Economics | KDDI Co., Ltd. /Marketing Headquarters au Smart Pass Strategy Department Manager booklista Co., Ltd./ Director | - | - | - | - |
| Independent Director | Li, Jong- Peir | Male 51- 60 | R.O.C. | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | Taiwan Cement Co., Ltd./General Manager HSBC (Taiwan) Commercial Bank/General Manager and President of Taiwan Region National Chengchi University/Ph.D. in Information Management | VIDEOLAND INC., / Chairman 1 Production Film Co. / CEO TCC Information Systems Corp. / Chairman TA-HO MARITIME CORP./Director TAIWAN TRANSPORT & STORAGE CORP./Director ZW ENM CO., LTD./Chairman Yunji Holdings Co., Ltd./Chairman CITIESOCIAL CO., LTD./Chairman Winbond Electronics Corp./Independent Director Taiwan Cement (Dutch) Holdings B.V. / Director NHOA S.A. /Director | - | - | - | - |

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remark |
|-------------------------|---------------------------|---------------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|--|--|---|------|----------------------|--------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Shareholdi ng ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Shareholdi ng ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Independent Director | Chuang , Chih- Hsun | Male 51- 60 | R.O.C | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | Associate Professor, National Chung Hsing University/Department of Business Administration Ph.D., National Sun Yat- sen University/Institute of Human Resources Management University of Southern California/Master of Accountancy Bachelor of Finance and Taxation, National Chengchi University | National Chung Hsing University/ Professor, Department of Business Administration | - | - | - | - |
| Independent Director | Chen, Chiou- Ping | Female 41- 50 | R.O.C | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | Lawyer of the Republic of China Patent Agent of the Republic of China Zhichang Law Firm partner lawyers Master of Laws, Soochow University/School of Law Bachelor of Laws, Department of Finance and Economics, National Taipei University/College of Law | Chiou-Ping Chen Law Firm / Managing Attorney Cichi Law Offices / Partner Lawyer | - | - | - | - |

| Job Title | Name | Gender Age | Nationality or Place of Registration | Date of First Election | Date of Appointment | Term (Years) | Shares held at time of election | | Number of shares currently held | | Current Shareholding Held by Spouse & Minor Children | | Shareholding Held in the Name of Others | | Education and Work Experience | Currently holding positions in the company and other companies | Other managers, directors or supervisors who are related to spouse or second degree of relatives | | | Remark |
|-------------------------|----------------------|-------------------|---|---------------------------|---------------------|--------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|---|--|---|------|----------------------|--------|
| | | | | | | | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | Number of Shares | Sharehol ding ratio (%) | Number of Shares | Sharehold ing ratio (%) | | | Job title | Name | Relat ionsh ip | |
| Independent Director | Hu, Han- Liang | Male 51- 60 | R.O.C | August 10, 2023 | August 10, 2023 | 3 | - | - | - | - | - | - | - | - | Accountant of the Republic of China National Taiwan University/Master of Accounting and Management Decision Group Tamkang University/Bachelor of International Trade | C.J.S./Partnership KYE Systems Corp./Director KE CHENG CO., LTD./Director AlgolTek, Inc. /Director Sciencetech Corporation / Director BASECOM TELECOMMUNICATION CO., LTD./Director ACCOMP TECHNOLOGIES CO., LTD./Director Jianrui Venture Capital Co., Ltd./Director ORIENT PHARMA CO., LTD./Supervisor Episil-Precision Inc./Independent Director Promate Solutions Corporation/Independent Director Power Tank Energy Ltd./Supervisor | - | - | - | - |

Note 1: The shares of the company are held by Wang, Hsien Tang through Siangting Capital Limited, a company registered in the British Virgin Islands.

Note 2: Chairman Hsien-Tang Wang has deep expertise in the industry and possesses a high level of market sensitivity and professionalism, having worked in the industry for many years. Considering Chairman Wang's industry background and market sensitivity, appointing him as CEO can make the company's operating model more agile and flexible, thus improving operational efficiency and facilitating smoother decision-making and execution to meet the changing market demands. In addition, the company has appointed four independent directors and established an audit committee to strengthen the operation of the board of directors. Through the audit committee's oversight, the company's operations are monitored to enhance external supervision and checks and balances. Furthermore, the majority of directors are not concurrently employees or managers, in line with the company's corporate governance objectives.

2. Major shareholders of legal person shareholders: Not applicable

3. If the main shareholder of a legal person shareholder is a legal person, its main shareholder: Not applicable

4. Directors, supervisors and their professional knowledge and independence

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|---------------------------|--|------------------------|---|
| Chairman Wang, Hsien-Tang | <p>1. Possesses work experience relevant to the company's business operations, including business, financial, and operational management capabilities.</p> <p>2. Currently holds positions as Director at Siangting Capital Limited, Chief Executive Officer & Security Officer at KKCompany Technologies Inc., Director at KKCompany Technologies Pte. Ltd., Director at KKCompany Media & Technology Limited, Director at KKBOX International Limited, Director at KKBOX Hong Kong Limited, Director at Going Cloud Pte. Ltd., Director at KKStream Limited, Chairman at KKBOX Taiwan Co., Ltd. (a subsidiary of KKCompany Technologies Inc.), Chairman at Going Cloud Co., Ltd., Chairman at KKStream Technologies Co., Ltd., Director at KOKO ENTERTAINMENT CO., LTD., and Chairman at TAIWAN KURO TIMES CO., LTD.</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | Not applicable | 0 |
| Director Lin, Kwan-Chiun | <p>1. Possesses work experience relevant to the company's business operations, including business and operational management capabilities.</p> <p>2. Currently holds positions as Director at Chosen Partner Investment Limited, Spirit Scientific Co. Ltd., Transparent Arts Corp., KKCompany Inc., KKCulture International Limited, KKV International Limited, KKLIVE Limited, KKV Video Limited, KKFarm Inc., ChynaHouse Inc., KKFarm International Limited, KKFarm</p> | Not applicable | 0 |

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|-----------------------|---|------------------------|---|
| | <p>International Pte. Ltd., BIOS Cultural and Creative Agency Limited, The Farm Holding, OurSong Limited, Our Happy Company Pte. Ltd., KKLab Inc., KKLab Technologies Pte. Ltd., Skysoft Inc., Chairman at KKCulture Co., Ltd., Chairman at Walking Internet Entertainment Limited, Director at JUST LIVE CO., LTD., Chairman at KKTv Co., LTD., Director at BIOS Group Co., Ltd., Director at Onepage Culture Production Company Limited, Director at Our Happy Company Co., Ltd., Chairman at KKFARM CO., LTD, and Director at Studio76 Original Productions Co., Ltd., KKInnovation Arts Co., Ltd, BOLU Management Consulting Co., Ltd. Chairman</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | | |
| Director Tay Yi Cheah | <p>1. Possesses work experience relevant to the company's business operations, including business, financial, and operational management capabilities.</p> <p>2. Currently holds positions as Chief Financial Officer at KKCompany Technologies Inc., Director at KKCompany Technologies Pte. Ltd., Director at KKCompany Media & Technology Limited, Director at KKBOX International Limited, Director at KKBOX Hong Kong Limited, Executive Manager at KKCompany Japan LLC, Director at Going Cloud Pte. Ltd., Executive Manager at Going Cloud Japan LLC, and Director at KKBOX Taiwan Co., Ltd.</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | Not applicable | 0 |

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|------------------------------|--|------------------------|---|
| Director Tsiang, Benjamin S. | <ol style="list-style-type: none"> 1. Possesses work experience relevant to the company's business operations, including business, financial, and operational management capabilities. 2. Currently serving as Chairman of CNEX Studio Corporation, Chairman of CNEX STUDIO CORPORATION, Director of Maverick Digital CO., LTD., and BIOS Cultural and Creative Agency Limited Director, G MOTOR POWER CO. LTD. Director, Chairman of Benjia Co., Ltd., Chairman of Giloo Group Limited (Cayman), Director of Curry Film Co., Ltd. 3. Does not have any circumstances specified in Article 30 of the Company Act. | Not applicable | 0 |
| Director Wang, Wei-Chung | <ol style="list-style-type: none"> 1. Possesses work experience relevant to the company's business operations, including business and operational management capabilities. 2. Currently holds positions as General Manager of Gold Star Cultural and Creative Production Co., Ltd., General Manager of Gold Star Entertainment Co. Ltd., Director of Taipei Culture Foundation, Director of Taiwan Cultural & Creativity Development Foundation, Supervisor of Gold Star Entertainment Co. Ltd., Director of Million Star Entertainment Inc., and Director of Maishi Management Consulting Co., Ltd. 3. Does not have any circumstances specified in Article 30 of the Company Act. | Not applicable | 0 |
| Director SHIGETA Kohei | <ol style="list-style-type: none"> 1. Possesses work experience relevant to the company's business operations, including business and operational management capabilities. 2. Currently serves as Deputy General Manager of the Marketing Headquarters at KDDI Corporation's Individual Business Division, Director of menu, Inc., and Director of TELASA | Not applicable | 0 |

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|---------------------------------------|---|---|---|
| | <p>CORPORATION.</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | | |
| Director MASUDA Tatsuya | <p>1. Possesses work experience relevant to the company's business operations, including business and operational management capabilities.</p> <p>2. Recently serves as Director of Booklist Co., Ltd., and as Chief of the Strategic Department at KDDI Corporation's Marketing Headquarters for au Smart Pass.</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | Not applicable | 0 |
| Independent Director Li, Jong-Peir | <p>1. Possesses work experience relevant to the company's business operations, including business, financial, and operational management capabilities.</p> <p>2. Currently serves as Chairman of Videoland Television Network Co., Ltd., CEO of 1 Production Film Co., Ltd., Chairman of TCC Information Systems Corp., and Dahe Shipping Co., Ltd., Director of TA-HO MARITIME CORP., Director of TAIWAN TRANSPORT & STORAGE CORP., Chairman of ZW ENM CO., LTD., Chairman of Yunji Holdings Co., Ltd., Chairman of CITIESOCIAL CO., LTD., Independent Director of WINBOND ELECTRONICS CORP., Director of Taiwan Cement (Dutch) Holdings B.V., and Director of NHOA S.A.</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | <p>The situation meeting the criteria for independence is as follows:</p> <p>1. Neither the individual, their spouse, nor any first-degree relatives hold positions as directors, supervisors, or employees within the company or its affiliated enterprises.</p> <p>2. Neither the individual, their spouse, nor any first-degree relatives (or individuals acting on their behalf) hold any shares in the company.</p> <p>3. The individual does not hold positions as a director, supervisor, or employee in companies with specific relationships to the current company</p> <p>(referring to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the requirements outlined in Article 3, Paragraph 1, Subsections 5-8).</p> | 1 |

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|--|--|---|---|
| | | 4. The individual has not received compensation in the past two years for providing services in business, legal, financial, or accounting capacities to the company or its affiliated enterprises. | |
| Independent Director Chih-Hsun Chuang | <ol style="list-style-type: none"> 1. Possesses work experience relevant to the Company's business operations, including business, financial, and operational management capabilities. 2. Currently serves as a professor in the Department of Business Administration at National Chung Hsing University. 3. Does not have any circumstances specified in Article 30 of the Company Act. | <p>The situation meeting the criteria for independence is as follows:</p> <ol style="list-style-type: none"> 1. Neither the individual, their spouse, nor any first-degree relatives hold positions as directors, supervisors, or employees within the company or its affiliated enterprises. 2. Neither the individual, their spouse, nor any first-degree relatives (or individuals acting on their behalf) hold any shares in the company. 3. The individual does not hold positions as a director, supervisor, or employee in companies with specific relationships to the current company (referring to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the requirements outlined in Article 3, Paragraph 1, Subsections 5-8). 4. The individual has not received compensation in the past two years for providing services in business, legal, financial, or accounting capacities to the company or its affiliated enterprises. | 0 |

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|---|---|---|---|
| Independent Director Chiou-Ping Chen | <ol style="list-style-type: none"> 1. Possesses work experience in legal affairs required for company operations. 2. Currently serves as the managing lawyer at Chiou-Ping Chen Law Firm and a partner lawyer at Cichi Law offices. 3. Does not have any circumstances specified in Article 30 of the Company Act. | <p>The situation meeting the criteria for independence is as follows:</p> <ol style="list-style-type: none"> 1. Neither the individual, their spouse, nor any first-degree relatives hold positions as directors, supervisors, or employees within the company or its affiliated enterprises. 2. Neither the individual, their spouse, nor any first-degree relatives (or individuals acting on their behalf) hold any shares in the company. 3. The individual does not hold positions as a director, supervisor, or employee in companies with specific relationships to the current company (referring to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the requirements outlined in Article 3, Paragraph 1, Subsections 5-8). 4. The individual has not received compensation in the past two years for providing services in business, legal, financial, or accounting capacities to the company or its affiliated enterprises. | 0 |
| Independent Director Han-Liang Hu | <ol style="list-style-type: none"> 1. Possesses work experience in finance required for company operations. 2. Currently serves as a partner at C.J.S. Fairness United Certified Public Accountants, Director at KYE SYSTEMS CORP., Director at KOC Holding Co., Ltd., Director at ALGOLTEK, INC., Director at Scientech Corporation, Director at BASECOM | <p>The situation meeting the criteria for independence is as follows:</p> <ol style="list-style-type: none"> 1. Neither the individual, their spouse, nor any first-degree relatives hold positions as directors, supervisors, or employees within the company or its affiliated | 2 |

| Condition Name | Professional qualifications and experience | Independence situation | Number of independent directors concurrently serving in other publicly traded companies |
|----------------|---|--|---|
| | <p>TELECOMMUNICATION CO., LTD., Director at ACCOMP TECHNOLOGIES CO., LTD., Director at Jian Rui Venture Investment Co., Ltd., Supervisor at Orient Pharma Co., Ltd., Independent Director at PRECISION SILICON CORP., Independent Director at Promate Solutions Corporation, and Supervisor at Power Tank Energy Ltd.</p> <p>3. Does not have any circumstances specified in Article 30 of the Company Act.</p> | <p>enterprises.</p> <p>2. Neither the individual, their spouse, nor any first-degree relatives (or individuals acting on their behalf) hold any shares in the company.</p> <p>3. The individual does not hold positions as a director, supervisor, or employee in companies with specific relationships to the current company (referring to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the requirements outlined in Article 3, Paragraph 1, Subsections 5-8).</p> <p>4. The individual has not received compensation in the past two years for providing services in business, legal, financial, or accounting capacities to the company or its affiliated enterprises.</p> | |

5. Board Diversity and Independence

To enhance corporate governance and promote the sound composition and structure of the board, our company respects and advocates for the goal of board diversity. We believe that a diverse policy will contribute to improving the overall performance of the company. Board members are selected based on their capabilities, with a focus on gender equality and the knowledge, skills, and qualities required to perform their duties.

Currently, our board consists of eleven directors, four of whom are independent directors. The implementation of our diversity policy is as follows:

| Diversified core projects Name | | Gender | Operating judgment | Accounting and finance analysis | Managem ent | Crisis managem ent | Industry knowledg e | Internatio nal market view | Leadershi p | Decision- making capacity |
|-----------------------------------|---------------------|--------|-----------------------|--|----------------|--------------------------|---------------------------|----------------------------------|----------------|---------------------------------|
| Chairman | Wang, Hsien-Tang | Male | √ | √ | √ | √ | √ | √ | √ | √ |
| Director | Tay Yi Cheah | Male | √ | √ | √ | √ | √ | √ | √ | √ |
| Director | Lin, Kwan-Chiun | Male | √ | √ | √ | √ | √ | √ | √ | √ |
| Director | Tsiang, Benjamin S. | Male | √ | | √ | √ | √ | √ | √ | √ |
| Director | Wang, Wei-Chung | Male | √ | | √ | √ | √ | √ | √ | √ |
| Director | SHIGETA Kohei | Male | √ | | √ | √ | √ | √ | √ | √ |
| Director | MASUDA Tatsuya | Male | √ | √ | √ | √ | √ | √ | √ | √ |
| Independent Director | Li, Jong-Peir | Male | √ | √ | √ | √ | √ | √ | √ | √ |
| Independent Director | Chuang, Chih-Hsun | Male | √ | √ | √ | √ | √ | √ | √ | √ |
| Independent Director | Chen, Chiou-Ping | Female | √ | | √ | √ | √ | √ | √ | √ |
| Independent Director | Hu, Han-Liang | Male | √ | √ | √ | √ | √ | √ | √ | √ |

The current board of directors of our company consists of a total of 11 members, including 4 independent directors, accounting for 36.36% of the total board membership. All independent directors of our company meet the qualifications stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and there are no circumstances between the directors and independent directors that violate Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. For further details regarding the disclosure of information on the independence of our board of directors, please refer to page 18.

(II) General Manager, Deputy General Manager, Managers, and Heads of Departments and Branches

May 31, 2024

| Job Title | Name | Gender | Nationality | Date of Appointment | Shareholding | | Shareholding by spouse and minor children | | Shareholding Held in the Name of Others | | Education and Work Experience | Current positions held in other companies | Managers with spouses or relatives within two degrees of kinship | | | Status of managers obtaining employee stock options | Remark |
|--|------------------|--------|-------------|--|------------------|-----------------------------|---|-----------------------------|---|-----------------------------|---|---|--|------|----------|---|----------|
| | | | | | Number of Shares | Percent age of shareholding | Number of Shares | Percent age of shareholding | Number of Shares | Percent age of shareholding | | | Title | Name | Relation | | |
| Chairman, CEO and Chief Security Officer | Wang, Hsien-Tang | Male | R.O.C. | November 23, 2022 - Chairman and CEO August 18, 2023 - Chief Security Officer | 1,133,926 | 0.691% | - | - | 1,056,448 (Note 1) | 0.644% | Current Position: Chairman, CEO, and Chief Security Officer of KKCompany Technologies Co., Ltd. Main Educational and Career Background: General Manager and Chief Operating Officer of KKCompany Group Chief Financial Officer of KKBOX Group Master's degree in Business Administration from National Chengchi University Bachelor's degree in Business Administration from National Chengchi University | Siangting Capital Limited / Director KKCompany Technologies Pte. Ltd. / Director KKCompany Media & Technology Limited / Director KKBOX International Limited / Director KKBOX Hong Kong Limited / Director Going Cloud Pte. Ltd. / Director KKStream Limited / Director KKBOX Taiwan Co., Ltd. / Chairman Going Cloud Pte. Ltd. / Director KKStream Technologies Co., Ltd. - Chairman KOKO ENTERTAINMENT CO., LTD. - Director TAIWAN KURO TIMES CO., LTD. - Chairman | - | - | - | - | (Note 2) |

| Job Title | Name | Gender | Nationality | Date of Appointment | Shareholding | | Shareholding by spouse and minor children | | Shareholding Held in the Name of Others | | Education and Work Experience | Current positions held in other companies | Managers with spouses or relatives within two degrees of kinship | | | Status of managers obtaining employee stock options | Remark |
|---|---------------|--------|-------------|---------------------|------------------|-----------------------------|---|-----------------------------|---|-----------------------------|---|---|--|------|----------|---|--------|
| | | | | | Number of Shares | Percent age of shareholding | Number of Shares | Percent age of shareholding | Number of Shares | Percent age of shareholding | | | Title | Name | Relation | | |
| Chief Financial Officer | Tay Yi Cheah | Male | Singapore | October 1, 2021 | 492,635 | 0.300% | - | - | - | - | Current Position Chief Financial Officer at KKCompany Technologies Inc. Main Educational and Career Background: Senior Vice President at Government of Singapore Investment Corporation (GIC) Co-founder at Cecil Street Capital Management, Singapore Chief Investment Officer at H Partners Financial Holdings, Singapore Bachelor's Degree in Computer Science from Tokyo Institute of Technology | KKCompany Technologies Pte. Ltd. / Director KKCompany Media & Technology Limited / Director KKBOX International Limited / Director KKBOX Hong Kong Limited / Director KKCompany Japan Co., Ltd. / Executive Manager Going Cloud Pte. Ltd. / Director Going Cloud Japan Co., Ltd. / Executive Manager KKBOX Taiwan Co., Ltd./Director | - | - | - | - | - |
| General Manager of Music Streaming Business | Yeh, Chan-Yun | Male | R.O.C. | November 1, 2022 | 10,308 | 0.006% | - | - | - | - | Current Position: General Manager, Music Streaming Business, KKCompany Technologies Co., Ltd. Main Educational and Career Background: Deputy General Manager, KKBOX Taiwan Co., Ltd., Veenax Network Information Co., Ltd. Director of Overseas Business Development, Beijing ByteDance Technology Co., Ltd. Bachelor's Degree in Chinese Literature, National Taiwan University | KKBOX Taiwan Co., Ltd. / Director & Manager TAIWAN KURO TIMES CO., LTD. / Supervisor | - | - | - | - | - |

| Job Title | Name | Gender | Nationality | Date of Appointment | Shareholding | | Shareholding by spouse and minor children | | Shareholding Held in the Name of Others | | Education and Work Experience | Current positions held in other companies | Managers with spouses or relatives within two degrees of kinship | | | Status of managers obtaining employee stock options | Remarks |
|--|----------------|--------|-------------|---------------------|------------------|-----------------------------|---|-----------------------------|---|-----------------------------|---|---|--|------|----------|---|---------|
| | | | | | Number of Shares | Percent age of shareholding | Number of Shares | Percent age of shareholding | Number of Shares | Percent age of shareholding | | | Title | Name | Relation | | |
| General Manager of Multimedia Technologies Business | Lee, Cho-Hsuan | Male | R.O.C. | November 1, 2022 | 61,851 | 0.038% | - | - | - | - | Current Position: General Manager of Multimedia Technologies Business at KKCompany Technologies Main Educational and Career Background: Executive Vice President at KKStream Technologies Co., Ltd. Founder and General Manager at New Social Platform Senior Manager at Advanced Technology & Product Master's Degree in Computer Engineering from the Viterbi School of Engineering, University of Southern California Bachelor's Degree in Computer Engineering from the University of Oregon | - | - | - | - | - | - |
| General Manager of Digital Business Solutions Business | Huang, Bo-Song | Male | R.O.C. | November 1, 2022 | 22,354 | 0.014% | - | - | - | - | Current Position: General Manager of Digital Business Solutions Business at KKCompany Technologies Co., Ltd. Main Educational and Career Background: Business Development Manager at KKCulture Co., Ltd. Business Development Manager at KKStream Technologies Co., Ltd. (Hong Kong) Bachelor's degree in Information Management from National Chengchi University | Going Cloud Co., Ltd. / Manager | - | - | - | - | - |

Note 1: Wang, Hsien-Tang holds the company's shares through Siangting Capital Limited, a company incorporated in the British Virgin Islands.

Note 2: Chairman Wang, Hsien-Tang has deep expertise in the industry and possesses a high level of market sensitivity and professionalism, having worked in the industry for many years. Considering Chairman Wang's industry background and market sensitivity, appointing him as CEO can make the company's operating model more agile and flexible, thus improving operational efficiency and facilitating smoother decision-making and execution to meet the changing market demands. In addition, the company has appointed four independent directors and established an audit committee to

strengthen the operation of the board of directors. Through the audit committee's oversight, the company's operations are monitored to enhance external supervision and checks and balances.

Furthermore, the majority of directors are not concurrently employees or managers, in line with the company's corporate governance objectives.

Note 3: The commencement date is counted from the day when holding the same position in KKCompany Inc. group before the organizational restructuring.

- (III) If the chairman of the board of directors and the general manager or a person with a similar position are the same person, each other's spouse or first-degree relative, the reasons, rationality, necessity and countermeasures should be explained: This is not the case.

III. Remuneration paid to directors, supervisors, general manager and deputy general manager in the most recent year.

(I) Remuneration paid to directors, supervisors, general managers and deputy general managers in the most recent year (2023)

1. Directors' remuneration

Unit: NT\$'000

| Title | Name | Directors' remuneration | | | | | | | | The total of the four items A, B, C and D and their proportion to the net income after tax | | Part-time employees receive relevant remuneration | | | | | | | | The total of seven items A, B, C, D, E, F and G and their proportion to net income after tax | | Receipt of remuneration from the subsidiary's external investment enterprise or the parent company |
|----------|------------------|-------------------------|------------------------------------|------------------------|------------------------------------|-----------------------------|------------------------------------|---------------------------------|------------------------------------|--|------------------------------------|---|------------------------------------|------------------------|------------------------------------|---------------------------|--------------|------------------------------------|--------------|--|------------------------------------|--|
| | | Remuneration (A) | | Retirement pension (B) | | Directors' remuneration (C) | | Business execution expenses (D) | | | | Business execution expenses (D) | | Retirement pension (F) | | Employee Compensation (G) | | | | | | |
| | | Our company | All companies in financial reports | The Company | All companies in financial reports | The Company | All companies in financial reports | The Company | All companies in financial reports | The Company | All companies in financial reports | The Company | All companies in financial reports | The Company | All companies in financial reports | The Company | | All companies in financial reports | | The Company | All companies in financial reports | |
| | | | | | | | | | | | | | | | | Cash amount | Stock amount | Cash Amount | Stock amount | | | |
| Chairman | Wang, Hsien-Tang | - | - | - | - | - | - | 50 | 50 | 50 | 50 | 1,600 | 17,303 | - | 404 | - | - | - | - | 1,650 | 17,757 | - |
| Director | Tay Yi Cheah | | | | | | | | | | | | | | | | | | | 1.73% | 18.59% | |

1. Please describe the policy, system, standards and structure of remuneration for independent directors, and describe the correlation with the amount of remuneration based on factors such as responsibilities, risks, time invested, etc.:
 The company's independent directors concurrently serve as members of the audit committee and the remuneration committee. In accordance with the company's articles of association and director remuneration payment methods, the remuneration committee reviews and reports to the board of directors and shareholders' meeting for approval. The amount and distribution method of directors' remuneration are as follows:
 (1) Independent Director
 Remuneration: When performing the duties of the company, regardless of the company's operating profits or losses, the company must pay fixed remuneration and pay it quarterly. The salary and remuneration committee may adjust it at the discretion of the salary and remuneration committee based on the degree of participation in the company's operations and the value of its contribution.
 Directors' remuneration in the form of earnings distribution: The Company does not provide independent directors with additional remuneration in the form of earnings distribution.
 Business execution fees: Attendance fees may be paid when attending the company's board of directors or attending shareholders' meetings.
 (2) General directors who are not employees
 Remuneration: When performing the duties of the company, regardless of the company's operating profits or losses, the company must pay fixed remuneration and pay it quarterly. The salary and remuneration committee may adjust it at the discretion of the salary and remuneration committee based on the degree of participation in the company's operations and the value of its contribution.
 Directors' remuneration for earnings distribution: According to the provisions of the company's articles of association, the salary and remuneration committee will consider the overall board performance, the company's operating performance, the company's future operations and risks, formulate a distribution proposal, and report it to the shareholders' meeting after passing the resolution of the board of directors.
 Business execution fees: Attendance fees may be paid when attending the company's board of directors or attending shareholders' meetings.
 (3) Ordinary directors with employee status:
 Remuneration: No salary is payable as a director.
 Directors' remuneration for earnings distribution: According to the provisions of the company's articles of association, the salary and remuneration committee will consider the overall board performance, the company's operating performance, the company's future operations and risks, formulate a distribution proposal, and report it to the shareholders' meeting after passing a resolution of the board of directors.
 Business execution fees: Attendance fees may be paid when attending the company's board of directors or attending shareholders' meetings.
2. In addition to what is disclosed in the table above, the remuneration received by the directors of the company for providing services (such as serving as non-employee consultants, etc.) for all companies included in the financial report in the most recent year: None.

Remuneration scale table

| The remuneration scales paid to various directors of the Company | Name of Directors | | | |
|--|---|------------------------------------|---|------------------------------------|
| | Total remuneration of the first four items (A+B+C+D) | | Total remuneration for the first seven items (A+B+C+D+E+F+G) | |
| | The Company | All companies in financial reports | The Company | All companies in financial reports |
| Less than NT\$1,000,000 | Wang, Hsien Tang, Tay Yi Cheah | Wang, Hsien Tang, Tay Yi Cheah | Tay Yi Cheah | - |
| NT\$1,000,000 (inclusive)~NT\$ 2,000,000 (exclusive) | - | - | Wang, Hsien Tang | - |
| NT\$2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive) | - | - | - | - |
| NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive) | - | - | - | - |
| NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive) | - | - | - | Wang, Hsien Tang, Tay Yi Cheah |
| NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive) | - | - | - | - |
| NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive) | - | - | - | - |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive) | - | - | - | - |
| NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive) | - | - | - | - |
| More than NT\$ 100,000,000 | - | - | - | - |
| Total | 2 people | 2 people | 2 people | 2 people |

2. Supervisor in the most recent year (2023): The company set up an audit committee to replace the supervisor, so it does not apply.

3. Remuneration paid to the general manager and deputy general manager in the most recent year (2023)

Unit: NT\$'000

| Title | Name | Salary (A) | | Retirement pension (B) | | Bonuses and special expenses, etc.(C) | | Amount of employee compensation (D) | | | | The total of the four items A, B, C and D and their proportion to the net income after tax | | Receipt of remuneration from the subsidiary's external investment enterprise or the parent company |
|--|------------------|-------------|------------------------------------|------------------------|------------------------------------|---------------------------------------|------------------------------------|-------------------------------------|--------------|------------------------------------|--------------|--|------------------------------------|--|
| | | Our company | All companies in financial reports | The Company | All companies in financial reports | The Company | All companies in financial reports | The Company | | All companies in financial reports | | The Company | All companies in financial reports | |
| | | | | | | | | Cash amount | Stock Amount | Cash amount | Stock Amount | | | |
| Chairman, CEO and Chief Information Security Officer | Wang, Hsien Tang | 2,200 | 37,562 | - | 854 | - | - | - | - | - | - | 2,200 2.30% | 38,416 40.21% | - |
| Chief financial officer | Tay Yi Cheah | | | | | | | | | | | | | |
| Chief technology officer | Huang, Bo-Song | | | | | | | | | | | | | |
| General Manager of Music Streaming Business | Yeh, Chan-Yun | | | | | | | | | | | | | |
| General Manager of Multimedia Technologies Business | Lee, Cho-Hsuan | | | | | | | | | | | | | |
| General Manager of Digital Business Solutions Business | Huang, Bo-Song | | | | | | | | | | | | | |

Note 1: Tsai, Yi Ren resigned from the position of Chief Technology Officer (CTO) on January 3, 2024

Range of Remuneration

| Payment ranges for General Managers and Deputy General Managers of the Company | Name of general manager and deputy general manager | |
|--|--|---|
| | The Company | All companies in financial reports |
| Less than NT\$ 1,000,000 | Tsai, Yi Ren | - |
| NT\$ 1,000,000 (inclusive) ~NT\$ 2,000,000 (exclusive) | Wang, Hsien Tang | - |
| NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive) | - | - |
| NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive) | - | Huang, Bo-Song, Yeh, Chan-Yun |
| NT\$ 5,000,000 (inclusive) ~ NT\$10,000,000 | - | Lee, Cho-Hsuan, Tsai, Yi Ren Wang, Hsien Tang、Tay Yi Cheah |
| NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive) | - | - |
| NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive) | - | - |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive) | - | - |
| NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive) | - | - |
| More than NT\$ 100,000,000 | - | - |
| Total | 2 people | 6 people |

4. Name of manager who distributed employee compensation in the most recent year (2023) and distribution status: None.

December 31, 2023, Unit: NT\$'000

| Title | Name | Stock Amount | Cash Amount | Total | Proportion of total amount to net profit after tax (%) |
|--|------------------|--------------|-------------|-------|--|
| Chairman, CEO and Chief Information Security Officer | Wang, Hsien Tang | - | - | - | - |
| Chief financial officer | Tay Yi Cheah | | | | |
| Chief technology officer (CTO) | Tsai, Yi Ren | | | | |
| General Manager of Music Streaming Business | Yeh, Chan-Yun | | | | |
| General Manager of Multimedia Technologies Business | Lee, Cho-Hsuan | | | | |
| General Manager of Digital Business Solutions Business | Huang, Bo-Song | | | | |

Note 1: Tsai, Yi Ren resigned from the position of Chief Technology Officer (CTO) on January 3, 2024

(II) An analysis of the proportion of the total remuneration paid to the company's directors, supervisors, general managers, and deputy general managers in the

last two years by the company and all companies in the consolidated report, to the net profit after tax of individual or individual financial reports, and an explanation of the policy on payment of remuneration, standards and combinations, remuneration setting procedures, correlation with operating performance, and future risks.

1. Analysis of the proportion of remuneration paid to the company's directors, supervisors, general managers and deputy general managers in the last two years by the company and all companies in the consolidated financial statements to the net income after tax of individual or individual financial reports

Unit: NT\$'000

| Item | Ratio of total remuneration to its consolidated net profit after tax | | | |
|--|--|--------|--------|--------|
| | 2022 | | 2023 | |
| | Amount | % | Amount | % |
| Directors, General Managers, and Deputy General Managers | 19,212 | 10.12% | 38,416 | 40.21% |

2. The policy, standard, and combination of remuneration payment, the procedure for setting remuneration and its correlation with operating performance and future risks:

The company has set up a salary and remuneration committee, with all independent directors serving as members. The salary and remuneration committee are responsible for formulating and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and salary remuneration of directors and managers, and at the same time regularly evaluating and formulating the remuneration of directors and managers. The remuneration of directors is based on their position in the company, the value of their participation in the company's operations, and the value of their contribution. The remuneration of the general manager and deputy general manager is mainly based on their position and contribution to the company's operations. The company's contribution and reference to peer standards are handled in accordance with the company's personnel regulations.

IV. Corporate governance operations

(I) Operations of the board of directors

As of the printing date of the 2023 annual report, a total of 7 meetings (A) were convened. The attendance status was as follows:

| Title | Name | Number actually attended (B) | Number delegated attendance | Actual attendance rate [B/A] (%) | Note |
|----------------------|---------------------|------------------------------|-----------------------------|----------------------------------|------|
| Chairman | Wang, Hsien Tang | 7 | 0 | 100% | |
| Director | Tay Yi Cheah | 7 | 0 | 100% | |
| Director | Lin, Kwan-Chiun | 7 | 0 | 100% | |
| Director | SHIGETA Kohei | 7 | 0 | 100% | |
| Director | MASUDA Tatsuya | 7 | 0 | 100% | |
| Director | Tsiang, Benjamin S. | 6 | 0 | 86% | |
| Director | Wang, Wei-Chung | 5 | 0 | 71% | |
| Independent Director | Li, Jong-Peir | 7 | 0 | 100% | |
| Independent Director | Chuang, Chih-Hsun | 7 | 0 | 100% | |
| Independent Director | Chen, Chiou-Ping | 7 | 0 | 100% | |
| Independent Director | Hu, Han-Liang | 7 | 0 | 100% | |

Other matters that should be recorded:

I. If the operation of the board of directors falls under any of the following circumstances, the date, period, content of proposals, opinions of all independent directors, and the company's handling of the opinions of independent directors, should be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act.: None

(2) In addition to the matters mentioned above, other matters resolved by the Board of Directors that have been opposed or reserved by independent directors and have records or written statements.: None

II. When a director implements the revocation of an interest-related proposal, the director's name, content of the proposal, reason for recusal and voting participation shall be stated:

| Date | Motion content | Name of Director | Conflicts of Interest Reasons | Voting Participation Status |
|-----------------|---|--|---|-----------------------------|
| August 10, 2023 | Appointment of Audit Committee Members | Li, Jong-Peir Independent Director, Chuang, Chih-Hsun Independent Director, Chen, Chiou-Ping Independent Director, Hu, Han-Liang Independent Director | Refraining Director is the involved party in the discussion of this case. | Abstain from voting |
| August 10, 2023 | Appointment of members of the Remuneration Committee. | Li, Jong-Peir Independent Director, Chuang, Chih-Hsun Independent Director, Chen, Chiou-Ping Independent Director, | Refraining Director is the involved party in the discussion of this case. | Abstain from voting |

| | | | | |
|-----------------|---|---|---|---------------------|
| | | Hu, Han-Liang Independent Director | | |
| August 10, 2023 | Our company signed an industry-university cooperation and academic feedback mechanism contract with National Chung Hsing University | Chuang, Chih-Hsun Independent Director | Refraining Director is the involved party in the discussion of this case. | Abstain from voting |
| August 18, 2023 | The appointment of the company's chief information security officer. | Wang, Hsien-Tang Chairman | Refraining Director is the involved party in the discussion of this case. | Abstain from voting |
| August 18, 2023 | Review the 2023 salary and remuneration package for directors and managers. | Wang, Hsien-Tang Chairman | Refraining Director is the involved party in the discussion of this case. | Abstain from voting |

III. Listed OTC companies should disclose information such as the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self- (or peer) evaluation.

(I) Implementation status of board of directors' evaluation:

| Evaluation cycle (Note 1) | Evaluation period (Note 2) | Evaluation scope (Note 3) | Evaluation method (Note 4) | Content of Evaluation (Note 5) |
|------------------------------|--|--|---|---|
| Performed once a year | from August 10, 2023 (i.e., the start date of the term of the current board of directors) to December 31, 2023 | Performance evaluation of the board of directors, individual board members and functional committees | Internal evaluation: The evaluation method includes the board of directors' internal self-evaluation and self-evaluation of board members. | For the evaluation of director members, the following aspects are included: A. Grasp of company goals and missions B. Awareness of director duties C. Degree of participation in company operations D. Management of internal relationships and communication E. Professionalism and ongoing education of directors F. Internal controls For the evaluation of the board of directors, the following aspects are included: A. Degree of participation in company operations B. Enhancement of the quality of board decisions C. Composition and structure of the board of directors D. Selection and ongoing education of board members E. Internal controls For the evaluation of the audit committee, the following aspects are included: A. Degree of participation in company operations B. Awareness of audit committee duties C. Enhancement of the quality of audit committee decisions D. Composition and selection of audit committee members E. Internal controls For the evaluation of the compensation committee, the following aspects are included: A. Degree of participation in company |

| | | | | |
|--|--|--|--|--|
| | | | | operations B. Awareness of compensation committee duties C. Enhancement of the quality of compensation committee decisions D. Composition and selection of compensation committee members |
| <p>Note 1: The execution cycle of the board of directors' evaluation is filled in/.</p> <p>Note 2: The period covered by the board of directors' evaluation is filled in.</p> <p>Note 3: The scope of evaluation includes the performance evaluation of the board of directors, individual board members, and functional committees.</p> <p>Note 4: Evaluation methods include internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for performance evaluation.</p> <p>Note 5: The evaluation scope shall include at least the following items: (1) Board performance evaluation: At least covering the degree of involvement in company operations, quality of board decisions, board composition and structure, director appointment and ongoing education, internal controls, etc. (2) Individual director performance evaluation: At least covering grasp of company goals and tasks, director's understanding of responsibilities, level of involvement in company operations, internal relationship management and communication, director's expertise and ongoing education, internal controls, etc. (3) Functional committee performance evaluation: Involvement in company operations, understanding of committee responsibilities, quality of committee decisions, composition and appointment of committee members, internal controls, etc.”.</p> | | | | |
| <p>(2) Evaluation Results: The company has completed the performance evaluation of the Board of Directors and functional committees for the year 2023. The evaluation results were submitted to the Compensation Committee and the Board of Directors on May 9, 2024, as the basis for review and improvement. The self-assessment scores for the Board of Directors and functional committees range from 4.5 to 4.9 (out of 5), and improvement measures have been outlined for areas with lower scores. These measures include providing a handbook for director duties, arranging seminars on the company's current situation, and industry information for directors, timely holding pre-board meetings, and establishing risk management policies.</p> <p>IV. Objectives for strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of implementation status:</p> <p>(I)The operations of the company's board of directors are conducted in accordance with the “Standards of Board Meetings” and other relevant laws and regulations.</p> <p>(II)The company has established an audit committee and formulated the “Audit Committee Organizational Rules” to strengthen corporate governance and the functions of directors.</p> <p>(III)The company has established a salary and remuneration committee and formulated the “Organizational Rules of the Salary and Remuneration Committee” to strengthen corporate governance and the functions of the board of directors.</p> <p>(IV)After future public offerings, relevant information will be disclosed on the company's website and public information observatory in accordance with legal requirements to enhance information transparency.</p> | | | | |

Attachment 1: Training status of all directors in 2023

| No. | Title | Name | Is it a first-time appointment? | Date of Appointment | Further study date | | Organizer | Course Title | Training Hours |
|-----|----------|------------------|---------------------------------|---------------------|--------------------|--------------------|---|---|----------------|
| | | | | | From | To | | | |
| 1 | Chairman | Wang, Hsien-Tang | Yes | August 10, 2023 | September 6, 2023 | September 6, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | November 9, 2023 | November 9, 2023 | KPMG Education Foundation | Discussion on the synergy effects of corporate mergers and acquisitions and practical analysis of transaction execution | 3 |
| | | | | | November 22, 2023 | November 22, 2023 | Taiwan Institute of Directors | Decisions at the crossroad | 3 |
| | | | | | December 15, 2023 | December 15, 2023 | Corporate Operating and Sustainable Development Association | Board compliance practices, legal responsibilities of directors and supervisors, and case studies (video) | 3 |
| 2 | Director | Lin, Kwan-Chiun | Yes | August 10, 2023 | September 21, 2023 | September 21, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 13, 2023 | October 13, 2023 | Taiwan Corporate Governance Association | Practice on Board of Directors and Shareholders' Meetings of Publicly Offered Companies | 3 |
| | | | | | December 8, 2023 | December 8, 2023 | Securities and Futures Institute | Challenges and responsibilities of the board of directors under corporate governance evaluation indicators and sustainable action plans | 3 |
| | | | | | December 14, 2023 | December 14, 2023 | Securities and Futures | Challenges and opportunities of | 3 |

| | | | | | | | | | |
|---|----------|---------------|-----|-----------------|--------------------|--------------------|---|--|---|
| | | | | | | | Institute | sustainable development path and introduction to greenhouse gas inventory | |
| 3 | Director | Tay Yi Cheah | Yes | August 10, 2023 | September 21, 2023 | September 21, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 13, 2023 | October 13, 2023 | Taiwan Corporate Governance Association | Practice of Board of Directors and Shareholders' Meetings of Publicly Offered Companies (Video) | 3 |
| | | | | | October 18, 2023 | October 18, 2023 | Securities and Futures Institute | Talent sustainability challenges after the epidemic (video) | 3 |
| | | | | | November 15, 2023 | November 15, 2023 | Securities and Futures Institute | 2030/2050 Green Industrial Revolution (Video) | 3 |
| 4 | Director | SHIGETA Kohei | Yes | August 10, 2023 | September 13, 2023 | September 13, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 19, 2023 | October 19, 2023 | Taiwan Corporate Governance Association | Trends and analysis of the latest amendments to the Company Act | 3 |
| | | | | | November 22, 2023 | November 22, 2023 | Taiwan Corporate Governance Association | Responsibilities of directors and supervisors regarding material information disclosure and untrue financial reports | 3 |
| | | | | | December 13, 2023 | December 13, 2023 | Taiwan Corporate Governance Association | The practice and development of corporate governance and legal compliance | 3 |

| | | | | | | | | | |
|---|----------|---------------------------|-----|--------------------|-----------------------|-----------------------|--|--|---|
| 5 | Director | MASUDA Tatsuya | Yes | August 10, 2023 | September 13, 2023 | September 13, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 19, 2023 | October 19, 2023 | Taiwan Corporate Governance Association | Trends and analysis of the latest amendments to the Company Act | 3 |
| | | | | | November 22, 2023 | November 22, 2023 | Taiwan Corporate Governance Association | Responsibilities of directors and supervisors regarding material information disclosure and untrue financial reports | 3 |
| | | | | | December 13, 2023 | December 13, 2023 | Taiwan Corporate Governance Association | The practice and development of corporate governance and legal compliance | 3 |
| 6 | Director | Wang, Wei- Chung | Yes | August 10, 2023 | September 6, 2023 | September 6, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 13, 2023 | October 13, 2023 | Taiwan Corporate Governance Association | Practice on Board of Directors and Shareholders' Meetings of Publicly Offered Companies | 3 |
| | | | | | November 29, 2023 | November 29, 2023 | Taiwan Project Management Association | Basic application of management tools(video) | 3 |
| | | | | | December 4, 2023 | December 4, 2023 | Taiwan Project Management Association | Risk management perspective on digital transformation and information security(video) | 3 |
| 7 | Director | Tsiang, Benjamin S. | Yes | August 10, 2023 | September 6, 2023 | September 6, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October | October | Taiwan | Practice of | 3 |

| | | | | | | | | | |
|---|----------------------|-------------------|-----|-----------------|-------------------|-------------------|---|---|---|
| | | | | | 13, 2023 | 13, 2023 | Corporate Governance Association | Board of Directors and Shareholders' Meetings of Publicly Offered Companies (Video) | |
| | | | | | December 13, 2023 | December 13, 2023 | Securities and Futures Institute | Protection of business secrets | 3 |
| | | | | | December 22, 2023 | December 22, 2023 | Taiwan Investor Relations Institute | Practical analysis of the new version of corporate governance and board performance evaluation in 2023 (zoom video) | 3 |
| 8 | Independent Director | Chen, Chiou-Ping | Yes | August 10, 2023 | September 6, 2023 | September 6, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 4, 2023 | October 4, 2023 | Securities and Futures Institute | How directors and supervisors with non-accounting background review financial reports | 3 |
| | | | | | October 13, 2023 | October 13, 2023 | Securities and Futures Institute | New challenges for our country's enterprises: carbon rights x carbon fees x carbon trading | 3 |
| | | | | | October 19, 2023 | October 19, 2023 | Securities and Futures Institute | Technical development and application opportunities of chatbot ChatGPT | 3 |
| 9 | Independent Director | Chuang, Chih-Hsun | Yes | August 10, 2023 | September 6, 2023 | September 6, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| | | | | | October 26, 2023 | October 26, 2023 | Securities and Futures Institute | Shareholders' meeting, management rights and equity | 3 |

| | | | | | | | | | |
|----|----------------------|---------------|----|-----------------|--------------------|--------------------|---|---|---|
| | | | | | | | | strategy(video) | |
| | | | | | November 17, 2023 | November 17, 2023 | Securities and Futures Institute | Talent sustainability challenges after the pandemic | 3 |
| | | | | | November 24, 2023 | November 24, 2023 | Securities and Futures Institute | Challenges and responsibilities of the board of directors under corporate governance evaluation indicators and sustainable action plans | 3 |
| | | | | | September 21, 2023 | September 21, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulation | 3 |
| 10 | Independent Director | Li, Jong-Peir | No | August 10, 2023 | July 13, 2023 | July 13, 2023 | Taiwan Corporate Governance Association | Use multiple strategies of policy resources to connect with local communities in Taiwan | 3 |
| | | | | | July 13, 2023 | July 13, 2023 | Taiwan Corporate Governance Association | (2050 carbon neutral) | 3 |
| | | | | | September 21, 2023 | September 21, 2023 | Taiwan Corporate Governance Association | Corporate Governance and Securities Regulations | 3 |
| 11 | Independent Director | Hu, Han-Liang | No | August 10, 2023 | September 28, 2023 | September 28, 2023 | Corporate Operating and Sustainable Development Association | Senior executives of listed companies' understanding of supervision by regulatory authorities | 3 |

(II)The composition, annual work focus, and operation of the Audit Committee

1. Composition of the Audit Committee

The Company's Audit Committee was established on August 10, 2023, and consists of all four independent directors. For the professional qualifications and experience, please refer to "Corporate Governance Report" in this annual report; 2. Directors, Supervisors, General Managers, Vice Presidents -

Information about managers, associate managers, and heads of departments and branches: Names, academic qualifications, shares held and nature of directors and supervisors.

The main supervision matters of the Audit Committee are as follows:

- (1) Proper presentation of the company's financial statements.
- (2) Selection (dismissal), independence, and performance of certified accountants.
- (3) Effective implementation of the company's internal controls.
- (4) The company complies with relevant laws and regulations.
- (5) Management and control of the company's existing or potential risks.

In accordance with Article 14-5 of the Securities and Exchange Act and Article 6 of the Audit Committee Organizational Rules, the following matters will be reviewed:

- (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Establish or amend the procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, and endorsing or providing guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
- (4) Matters involving directors' own interests.
- (5) Significant asset or derivatives transactions.
- (6) Significant capital loans, endorsements, or guarantees.
- (7) Raising, issuing or privately placing securities of an equity nature.
- (8) Appointment, dismissal, or remuneration of certified accountants.
- (9) Appointment and removal of financial, accounting, or internal audit supervisors.
- (10) Annual financial report signed or sealed by the chairman, manager, and accounting supervisor, and second quarter financial report that must be verified and certified by an accountant.
- (11) Other major matters stipulated by the company or the regulatory authority.

2. Annual work priorities of the Audit Committee

- (1) Review financial reports.
- (2) Appoint and evaluate the independence and competency of accountants.
- (3) Evaluate the effectiveness of the internal control system.
- (4) Evaluate investment cases.

3. Operation of the Audit Committee

As of the printing date of the 2023 annual report, a total of 6 meetings (A) were convened. The attendance status was as follows:

| Title | Name | Number actually attended (B) | Number of delegated attendances | Actual attendance rate [B/A] (%) | Note |
|----------|-------------------|------------------------------|---------------------------------|----------------------------------|------|
| Chairman | Li, Jong-Peir | 6 | 0 | 100% | |
| Member | Chuang, Chih-Hsun | 6 | 0 | 100% | |
| Member | Chen, Chiou-Ping | 6 | 0 | 100% | |
| Member | Hu, Han-Liang | 6 | 0 | 100% | |

Other matters that should be recorded:

I. If the operation of the audit committee falls under any of the following circumstances, the date, period, content of the proposals, objections, reservations or major recommendations of independent directors, the results of the resolutions of the audit committee, and the company's handling of the opinions of the audit committee should be stated:

(I)Matters listed in Article 14-5 of the Securities and Exchange Act:

| Session | Date | Motion content | Audit committee: Resolutions of the Audit Committee | Handling of the Audit Committee's Opinions |
|-------------------------------|-------------------|---|--|--|
| First session, first meeting | August 18, 2023 | Ratification of the appointment of certified public accountants for financial statement review in 2021 and 2022. Adopted the 2021-2022 consolidated financial report. Profit distribution plan for 2022. Formulate the company's internal audit system and related measures and procedures (including the approval authority table). The company's July 2022 - June 2023 and FY 2023 annual audit plans. A motion regarding the appointment of the company's corporate governance officer. A motion for the appointment of the company's financial manager and audit manager. The appointment of the company's chief information security officer. | Except for the fourth agenda item, amendments proposed by committee members were adopted for the respective methods. | Independent directors expressed no reservations or objections except for the fourth agenda item. After approval, these were presented to the board for resolution, with some methods additionally presented to shareholders for reporting or decision-making according to regulations. Regarding the fourth agenda item, amendments were proposed in the second meeting of the first session of the audit committee, and after being resolved by the attending committee members at that meeting, they were presented to the board for decision. |
| First session, second meeting | September 6, 2023 | Approved the 2022 Annual Business Report and Audit Committee's Audit Report. Approved the 2023 Second | Resolved and passed as per the decision of all attending | The independent directors had no reservations or objections, and the |

| | | | | |
|-------------------------------|--------------------|--|---|---|
| | | <p>Quarter Consolidated Financial Report.</p> <p>Approved the Financial Forecast for the Second Half of 2023 and the First Quarter of 2024.</p> <p>Amended the Articles on Financing Cycle - Financing Borrowing Operations and Computer Information System Cycle - Public Information Reporting Operations.</p> <p>Passed the Company's "Internal Control System Statement for the Project Period" (Special Review Period: July 1, 2022, to June 30, 2023).</p> <p>Established the "2023 Employee Restricted Stock Issuance Measures" and issued the Restricted Stock for Employees.</p> <p>Issued New Shares through Cash Increase.</p> <p>Acquired all shares of Taiwan Kuro Times Co., Ltd. through Cash Purchase.</p> <p>Applied to the Taiwan Stock Exchange for the First Listing in Taiwan and the Supplemental Public Offer.</p> <p>Approved the Public Offer of New Shares by Cash Increase and Waiver of Subscription Rights by Existing Shareholders before the Initial Listing.</p> | committee members. | <p>resolutions were subsequently presented to the board for approval.</p> <p>Some agenda items will be further presented to the shareholders' meeting for reporting or decision-making as required by regulations.</p> |
| First session, third meeting | September 22, 2023 | <p>Approved the Company's Corporate Governance Self-Assessment Report.</p> <p>Amended the Submission of Financial Forecasts for the Fourth Quarter of 2023 and the First Quarter of 2024 to the Securities and Exchange Commission.</p> <p>Re-election of the CEO of the Company.</p> <p>Approved the List and Number of Shares Allocated to Employees under the 2023 Employee Restricted Stock Issuance Program.</p> | Resolved and passed as per the decision of all attending committee members. | <p>The independent directors had no reservations or objections, and the resolutions were subsequently presented to the board for approval.</p> <p>Some agenda items will be further presented to the shareholders' meeting for reporting or decision-making as required by regulations.</p> |
| First session, fourth meeting | November 10, 2023 | <p>Approved the 2024 Annual Operating Plan and Budget Proposal.</p> <p>Approved the 2024 Audit Plan Proposal.</p> <p>Proposed the Company's Cash Increase to Issue Common Shares for Public Offer before Stock</p> | Resolved and passed as per the decision of all attending committee members. | <p>The independent directors had no reservations or objections, and the resolutions were subsequently presented to the board for approval.</p> <p>Some agenda items will</p> |

| | | | | |
|------------------------------|---------------|--|---|---|
| | | Listing. Proposed the Reservation of Employee Subscription Shares and Conditions for Cash Increase to Issue New Shares before the Initial Listing of the Company. | | be further presented to the shareholders' meeting for reporting or decision-making as required by regulations. |
| First session, fifth meeting | March 7, 2024 | Approved the Company's 2023 Internal Control System Statement. Appointment of Auditors for the Audit of Financial Statements for the Years 2023 and 2024. Approval of the 2023 Annual Business Report and Financial Statements. Distribution of Profits for the Year 2023 Capital Increase for Subsidiary KKCompany Technologies Pte. Ltd. | Resolved and passed as per the decision of all attending committee members. | The independent directors had no reservations or objections, and the resolutions were subsequently presented to the board for approval. |
| First session, sixth meeting | May 9, 2024 | The Chairman is authorized to adjust the number of shares issued in the cash capital increase of the Company in 2024, provided that the total number of shares issued shall not exceed 28,504,000 shares and shall not be less than 20,500,000 shares. | Resolved and passed as per the decision of all attending committee members. | The independent directors had no reservations or objections, and the resolutions were subsequently presented to the board for approval. Some agenda items will be further presented to the shareholders' meeting for reporting or decision-making as required by regulations. |

(II) Except for the matters mentioned above, other resolution matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. The implementation of the independent director's revocation of the interest-related proposal should state the name of the independent director, the content of the proposal, the reason for the revocation of the interest, and the circumstances of his participation in voting: None.

III. The implementation of the independent director's revocation of the interest-related proposal should state the name of the independent director, the content of the proposal, the reason for the revocation of the interest, and the circumstances of his participation in voting: None.

(I) The internal audit manager regularly communicates the audit report results and the implementation status of follow-up reports with the Audit Committee. There has been sufficient communication regarding the execution and effectiveness of audit activities.

(II) Independent directors have the right to request that auditors report and communicate with them regarding the audit of financial statements and related legal requirements. The Audit Committee also deliberates on the appointment, independence, and competence of auditors.

(III)Corporate governance operations and differences and reasons from the code of practice for corporate governance of listed companies

| Evaluation items | Operational situation | | | Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies |
|---|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| I.Does the company formulate and disclose corporate governance codes of practice in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”? | ✓ | | The company established the ‘Corporate Governance Practices Guidelines’ on September 6, 2023. All governance practices will operate in accordance with the Corporate Governance Practices Guidelines. The company has disclosed these guidelines on its corporate website. | There are no significant differences. |
| II.Company equity structure and shareholders’ equity | | | | |
| (I)Has the company established internal operational procedures to handle shareholder suggestions, queries, disputes, and legal matters, and are these procedures implemented? | ✓ | | The company has a spokesperson and provides an email address to handle shareholder suggestions, inquiries, or disputes. | There are no significant differences. |
| (II)Does the company maintain a list of the principal shareholders who control the company and the ultimate controllers of these principal shareholders? | ✓ | | The company maintains real-time knowledge of the shareholdings of directors, executives, and shareholders holding more than 5% of the shares. | There are no significant differences. |
| (III)Has the company established and implemented risk management and firewall mechanisms between itself and its affiliated enterprises? | ✓ | | The company has established procedures such as “Asset Acquisition or Disposal Procedures,” “Funds Loan to Other Procedures,” “Endorsement and Guarantee Operations Procedures,” and “Related Party, Specific Company, and Group Enterprise Transaction Procedures” as compliance guidelines. These measures are implemented to ensure risk management mechanisms and firewall management for affiliated enterprises. | There are no significant differences. |
| (IV)Has the company established internal regulations prohibiting insider trading by insiders using information undisclosed in the market to trade securities? | ✓ | | The company has established the “Prevention of Insider Trading Management Regulations,” which stipulate that directors, executives, major shareholders, and other individuals who gain access to information based on their profession or control relationship | There are no significant differences. |

| Evaluation items | Operational situation | | | Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies |
|--|-----------------------|----|---|---|
| | Yes | No | Summary Description | |
| | | | are all included in the scope of prohibition against insider trading. Furthermore, the regulations specify that insiders are prohibited from trading the company's stock during the 30 days prior to the announcement of the annual financial report and the 15 days prior to the announcement of each quarterly financial report. These regulations have been published on the company's investor relations website. | |
| III.Composition and Responsibilities of the Board of Directors | | | | |
| (I)Is the Board of Directors planning to formulate a diversity policy, specific management objectives, and implement them? | ✓ | | The composition of the Board of Directors of the company is determined based on its own operations, business model, and development needs. It consists of corporate executives, professional investors, and individuals with expertise in finance, accounting, law, etc. This diverse composition is intended to bring benefits to the company's future operations and development. | There are no significant differences. |
| (II)Does the company voluntarily establish other types of functional committees in addition to the Compensation Committee and the Audit Committee established by law? | | ✓ | The company has established the Compensation Committee and the Audit Committee in accordance with the law. In the future, it may establish additional functional committees based on operational needs and legal requirements. | There are no significant differences. |
| (III)Has the company established a method and process for evaluating the performance of the Board of Directors, conducted performance evaluations regularly each year, reported the results of the evaluations to the Board of Directors, and utilized them as references for individual director compensation and nomination for reappointment? | ✓ | | The company has established the "Board of Directors Performance Evaluation Method" and operates in accordance with the "Board of Directors Meeting Rules." The company will conduct evaluations annually in the future. | There are no significant differences. |

| Evaluation items | Operational situation | | | Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies |
|--|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| (IV) Does the company periodically assess the independence of the signing auditors? | ✓ | | The company conducts regular assessments of the independence of the signing auditors by the Board of Directors (at least once a year). | There are no significant differences. |
| IV. Do listed companies allocate sufficient and appropriate governance personnel, appoint a governance officer responsible for governance-related matters (including but not limited to providing directors and supervisors with necessary information, assisting directors and supervisors in compliance with laws, handling matters related to board of directors and shareholders' meetings in accordance with laws, and preparing minutes of board of directors and shareholders' meetings)? | ✓ | | In accordance with Article 20 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," listed companies should allocate sufficient and appropriate governance personnel according to their size, business situation, and management needs. They should designate one governance officer responsible for governance-related matters as the highest executive in charge of governance. The company has appointed Mitch Wang as the governance officer. This appointment was approved by the Board of Directors on August 18, 2023. | There are no significant differences. |
| V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a dedicated section for stakeholders on the company's website to appropriately address important corporate social responsibility issues raised by stakeholders? | ✓ | | The company has appointed a spokesperson as a communication channel for stakeholders. Stakeholders may contact the company at any time via telephone, mail, or email if needed. Additionally, the company has established a dedicated section for stakeholders on its website as another communication channel. | There are no significant differences. |
| VI. Does the company appoint a professional stock agency to handle shareholder meeting affairs? | ✓ | | The company has appointed President Securities Corporation. as a professional stock agency to handle stock affairs and shareholder meeting-related matters in Taiwan. | There are no significant differences. |

| Evaluation items | Operational situation | | | Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies |
|--|-----------------------|----|---|---|
| | Yes | No | Summary Description | |
| VII.Information Disclosure | | | | |
| 1. Does the company set up a website to disclose financial business and corporate governance information? | ✓ | | The company’s website has been established and contains financial and business-related information as well as corporate governance information. | There are no significant differences. |
| 2. Does the company adopt other methods of information disclosure (such as setting up an English website, designating a person responsible for collecting and disclosing company information, implementing a spokesperson system, placing the company website during corporate briefings, etc.)? | ✓ | | The collection and disclosure of the company’s information are all handled by corresponding dedicated units, and the company has established a spokesperson to hold legal person briefings in the future, which will be handled in accordance with the regulations of the stock exchange; other information will be disclosed in the future in accordance with relevant laws and regulations. | There are no significant differences. |
| 3. Does the company announce and submit the annual financial report within two months after the end of the fiscal year, and announce and submit the first, second, and third quarter financial reports and operating conditions for each month in advance before the prescribed deadline? | | ✓ | The financial report for the fiscal year 2023 of our company has been uploaded and submitted within the statutory deadline, i.e., within 75 days after the end of the accounting year, on March 13, 2024. The financial report for the first quarter of 2024 and the operational performance for each month will be announced and reported by our company in accordance with the statutory deadline. | There are no significant differences. |
| VIII.Is there any other important information that would contribute to understanding the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, status of director and supervisor continuing education, implementation of risk management policies and risk measurement | ✓ | | 1.Employee rights and interests: The company treats employees with integrity and has established various employee welfare measures, education and training methods, and performance development plans to safeguard employees’ rights and interests and train employees. The communication channels between employees and supervisors are smooth, and labor-management relations are good. 2.Investor relations: The company has a spokesperson system and has entrusted a professional stock agency to handle shareholder- | There are no significant differences. |

| Evaluation items | Operational situation | | | Differences and reasons from the Code of Practice for Corporate Governance of Listed Overseas Companies |
|--|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)? | | | <p>related issues. In addition, in order to let the investing public, understand the company's operating conditions, the company will disclose relevant information on the public information observatory in accordance with regulations.</p> <p>3.Supplier relationships and rights of stakeholders: The company maintains equal and good relationships with suppliers and stakeholders.</p> <p>4.Continuing education for directors and supervisors: All directors of the Company have relevant professional knowledge. To further strengthen the functions of the Board of Directors, the Company has arranged continuing education courses for directors and independent directors.</p> <p>5.Implementation of risk management policies and risk measurement standards: The company formulates various internal regulations in accordance with the law and follows them to control risks.</p> <p>6.Customer policy: implemented in accordance with relevant internal control measures.</p> <p>7.The Company has purchased liability insurance for its directors.</p> | |
| IX.Please explain the improvement in the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year and propose priority enhancement matters and measures for those that have not yet been improved: None. | | | | |

(IV) Composition, Responsibilities, and Operations of the Compensation Committee

1. Information of Compensation Committee Members

| Identity (Note 1) | Condition | Professional qualifications and experience | Independence situation | Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies |
|----------------------|-------------------|---|--|--|
| | Name | | | |
| Independent Director | Chuang, Chih-Hsun | Current: Professor, Department of Business Administration, National Chung Hsing University Education: Department of Finance and Taxation, National Chengchi University Master of Accounting from University of Southern California PhD, Institute of Human Resources Management, National Sun Yat-sen University | There are no circumstances listed in Article 6 of the Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of a company whose stocks are listed or traded on a securities firm's business premises. | 0 |
| Independent Director | Li, Jong-Peir | Current: VIDEOLAND INC., Chairman CEO of 1 Production Film Co. Chairman of TCC INFORMATION SYSTEMS CORP. Director of TA-HO MARITIME CORPORATION Director of TAIWAN TRANSPORT Director of Taiwan Cement (Dutch) Holdings B.V. NHOA S.A. Director Chairman of ZW ENM CO., LTD Chairman of Yunji Holdings Co., Ltd. Chairman of Renkai Digital Media Marketing Co., Ltd. Independent Director of Winbond Electronics Co., Ltd. Formerly: General Manager of Taiwan Cement Co., Ltd. General Manager of HSBC (Taiwan) Commercial Bank and President of Taiwan Region Education: PhD in Information Management from National Chengchi University | There are no circumstances listed in Article 6 of the Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of a company whose stocks are listed or traded on a securities firm's business premises. | 1 |

| Identity (Note 1) | Condition | Professional qualifications and experience | Independence situation | Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies |
|----------------------|------------------|---|--|--|
| | Name | | | |
| Independent Director | Chen, Chiou-Ping | Current: Chen Qiuping, Managing Attorney, Chiou-Ping Chen Law Firm CICHI LAW OFFICES partner lawyer Formerly: Partner lawyer, Zhichang Law Firm Attorney at Chien Yeh Law Offices Rongxin Law Firm Trainee Lawyer/Lawyer Clerk of Taiwan High Court Education: Department of Financial and Economic Law, College of Law, Taipei University Master of Laws, Soochow University Law School qualifications: Lawyer of the Republic of China Patent Agent of the Republic of China | There are no circumstances listed in Article 6 of the Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of a company whose stocks are listed or traded on a securities firm's business premises. | 0 |
| Independent Director | Hu, Han-Liang | Current: Partner at Fair United Certified Public Accountants Director at KYE Systems Corp. Director at Ke Cheng Co., Ltd. Director at AlgolTek, Inc. Director at Sciencetech Corporation Director at Basecom Telecommunication Co., Ltd. Director at Accom Technologies Co., Ltd. Director at Jien Rui Investment Co., Ltd. Supervisor at Orient Pharma Co., Ltd. Independent Director at Precision Silicon Corp. Independent Director at Promate Solutions Corporation Supervisor at Power Tank Energy Ltd. Education: Bachelor's degree in International Trade from Tamkang University Master's degree in Accounting and Management Decision from National Taiwan University qualifications: Accountant of the Republic of China | There are no circumstances listed in Article 6 of the Regulations on the Establishment and Exercise of Powers of the Remuneration Committee of a company whose stocks are listed or traded on a securities firm's business premises. | 2 |

2. Responsibilities of the Compensation Committee

The committee shall faithfully fulfill the following duties with the care of a prudent person and submit recommendations for discussion by the Board of Directors:

- (1) Regularly review the organization regulations of this committee and propose amendments.

- (2) Establish and periodically review the performance evaluation criteria for directors and managers of the company, annual and long-term performance goals, and policies, systems, standards, and structures for compensation, and disclose the content of the performance evaluation criteria in the annual report.
- (3) Regularly assess the achievement of performance goals for directors and managers of the company and based on the evaluation results obtained from the performance evaluation criteria, establish the content and amount of their individual compensation. The annual report should disclose the individual performance evaluation results of directors and managers, the content and amount of individual compensation, and the correlation and reasonableness between the individual compensation and the performance evaluation results, and report to the shareholders' meeting.

3. Compensation Committee Operations Information

The Compensation Committee of the company consists of four members: Chuang, Chih-Hsun, Jong-Peir Li, Chiou-Ping Chen, and Han-Liang Hu.

Term of Office: From 2023 until the printing date of this year's report, the Compensation Committee held 6 meetings (A), and the qualifications and attendance of the committee members are as follows:

| Title | Name | Actual times of attendance 【B】 | Times of Attendance by Proxy | Actual attendance rate (%) 【B/A】 | Note |
|---|-------------------|--------------------------------|------------------------------|----------------------------------|------|
| Chairman | Chuang, Chih-Hsun | 6 | 0 | 100% | |
| Member | Li, Jong-Peir | 6 | 0 | 100% | |
| Member | Chen, Chiou-Ping | 6 | 0 | 100% | |
| Member | Hu, Han-Liang | 6 | 0 | 100% | |
| Other matters that should be recorded: | | | | | |
| I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall specify the date, term, agenda, resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (if the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons shall be stated): None. | | | | | |
| II. Regarding the decisions of the Remuneration Committee, if there are members who express opposition or reservations with recorded or written statements, the Remuneration Committee date, term, agenda, all members' opinions, and the handling of member opinions shall be specified: None. | | | | | |

Implementation Status of Sustainable Development and Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.

| Promotion projects | Execution status (Note 1) | | | Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” and the reasons behind them. |
|--|---------------------------|----|--|--|
| | Yes | No | Summary Description | |
| I. Has the company established a governance framework to promote sustainable development, set up dedicated full-time or part-time positions to promote sustainable development, authorized senior management by the board of directors to handle this, and overseen by the board of directors? | ✓ | | (I) The company has established a Corporate Governance Department as a part-time unit to promote sustainable development, and regularly reports to the board of directors on the formulation and implementation status of sustainable development policies, systems, or related management guidelines, as well as specific promotion plans. (II) The company has also legally established the ‘Sustainable Development Practices Guidelines’ and has gradually implemented corporate social responsibility policies, or systems outlined in the guidelines, taking into account the company’s current situation and legal requirements. | There are no significant differences. |
| II. Has the company conducted risk assessments related to environmental, social, and corporate governance issues relevant to its operations in accordance with materiality principles, and formulated related risk management policies or strategies? (Note 2) | ✓ | | The company has conducted risk assessments related to environmental, social, and corporate governance issues relevant to its operations in accordance with materiality principles. It has formulated sustainable development policies, which have been implemented after approval by the board of directors. | There are no significant differences. |
| III.Environmental Issues | | | | |
| (I) Has the company established an appropriate environmental management system based on its industry characteristics?” | ✓ | | (I) Our company operates in the internet software technology industry, with no factories or physical stores, and no processes that cause environmental pollution. A significant proportion of our customers and suppliers already adhere to corporate social responsibility and ESG norms. In the future, we will continue to ensure that our partner companies comply with relevant environmental, labor, and human rights regulations. We also have dedicated personnel to manage and maintain environmental compliance, ensuring adherence to environmental laws. | There are no significant differences. |

| Promotion projects | Execution status (Note 1) | | | Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” and the reasons behind them. |
|---|---------------------------|----|---|--|
| | Yes | No | Summary Description | |
| (II) Is the company committed to improving the efficiency of resource utilization and using recycled materials with low environmental impact? | ✓ | | (II) In terms of energy conservation, our company is actively transitioning by integrating on-premises data centers into cloud services. Our subsidiary, Going Cloud, also advises clients on transitioning to the cloud to achieve energy savings at scale. We have implemented internal measures to digitize management processes, such as human resources management systems, document approval systems, and contract management systems. These digital initiatives not only enhance efficiency but also reduce paper usage. We also promote the use of electronic signatures for contracts, moving towards a paperless operation. | There are no significant differences. |
| (III). Does the company assess the potential risks and opportunities of climate change on its current and future operations, and implement measures to address climate-related issues? | ✓ | | (III) Our company operates in the internet software technology industry and does not have specific pollution sources. In the future, we will continue to promote various environmentally friendly measures to foster corporate sustainability.” | There are no significant differences. |
| (IV) Has the company compiled statistics on greenhouse gas emissions, water usage, and total waste weight over the past two years, and formulated policies for energy conservation, carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management measures | ✓ | | (IV) 1. Greenhouse Gas Emissions: The company has compiled greenhouse gas emissions data for the past two years. In 2022, carbon emissions were 572.199 metric tons, and electricity consumption was 1,135,464 kWh (The above statistics include the company’s offices in Taiwan and Hong Kong). The carbon emissions for 2023 were 552,957 metric tons, and the electricity consumption was 1,101,229 kWh. (The above statistics include the company’s offices in Taiwan and Hong Kong). 2. Water consumption: Water consumption statistics are available for the Company’s Taipei office. In 2022, water usage was 3,810 cubic meters, and in 2023, it was 3,892 cubic meters. 3. Waste: Total waste weight for the company’s Taipei office is calculated for the entire office building and is not currently | There are no significant differences. |

| Promotion projects | Execution status (Note 1) | | | Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” and the reasons behind them. |
|---|---------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | <p>available. However, as the company operates in the internet software technology industry without physical product manufacturing, there is no significant business waste generation.</p> <p>4. Energy Saving Policy: The company will advocate for energy conservation and carbon reduction concepts among its departments in the future. It will also promote various energy-saving policies to achieve energy savings and greenhouse gas reduction, thereby minimizing environmental impact and fulfilling corporate environmental responsibilities.</p> | |
| IV.Social Issues | | | | |
| (I)Does the company establish relevant management policies and procedures in accordance with applicable regulations and international human rights conventions? | ✓ | | (I)Our company adheres to a talent strategy that promotes diversity and inclusion, while adhering to local regulations in all global operational locations and following the principles of international human rights conventions (such as the United Nations Universal Declaration of Human Rights). We have formulated a human rights commitment and policy to eradicate and prevent human rights violations. We place emphasis on issues such as workplace health and safety, physical and mental well-being, work-life balance, and anti-discrimination and anti-harassment measures. | There are no significant differences. |
| (II)Does the company develop and implement reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflect operational performance outcomes in employee compensation? | ✓ | | (II)The company has established clear policies regarding compensation, attendance, and leave, and implemented reasonable employee welfare measures. Through annual performance evaluations, performance is reflected in employee rewards, with the aim of achieving a shared management philosophy between labor and management. | There are no significant differences. |

| Promotion projects | Execution status (Note 1) | | | Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” and the reasons behind them. |
|---|---------------------------|----|---|--|
| | Yes | No | Summary Description | |
| (III) Does the company provide employees with a safe and healthy work environment, and conduct regular safety and health education for employees? | ✓ | | (III) Our company conducts regular health check-ups for employees and provides legally mandated courses to assist employees in consulting on health-related issues, ensuring the safety and well-being of employees. In terms of employee safety, our company conducts office disinfection and cleaning every six months, fire inspections and drills annually, and implements facial recognition access control and temperature measurement systems to enhance office safety and health management. | There are no significant differences. |
| (IV) Does the company establish effective career development and training programs for employees? | ✓ | | (IV) From the moment employees join our company, they are assigned to learn the professional knowledge and skills required by each department through various methods, including courses or practical training. Additionally, our company continuously assesses employees' job performance and adjusts job responsibilities accordingly to allow employees to utilize their expertise fully. Furthermore, to assist employees in management positions in effectively conducting organizational and personnel management, our company regularly schedules leadership-related courses to further enhance organizational operational efficiency. | There are no significant differences. |
| (V) Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, does the company adhere to relevant regulations and international standards, and develop policies and procedures to protect consumer or customer rights, as well as complaint procedures? | ✓ | | (V) The company, its directors, managers, employees, appointees, and substantial controllers adhere to relevant regulations and international standards throughout the research and development, procurement, manufacturing, provision, or sale processes of products and services to ensure transparency and safety of product and service information. The company will formulate and publicly disclose its policies for protecting the rights and interests of consumers or other stakeholders and implement them in its operational | There are no significant differences. |

| Promotion projects | Execution status (Note 1) | | | Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” and the reasons behind them. |
|---|---------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | activities to prevent direct or indirect harm to the rights, health, and safety of consumers or other stakeholders through our products or services. | |
| (VI) Does the company establish a supplier management policy requiring suppliers to adhere to relevant regulations on environmental protection, occupational health and safety, or labor rights, and monitor their implementation? | ✓ | | (VII) The company explicitly requires in its code of conduct that the selection of suppliers should consider their integrity, and when entering into contracts with suppliers, they should be required to abide by the integrity management policy. Furthermore, in the sustainability practices guidelines, the company requires suppliers to adhere to corporate social responsibility policies. If a supplier violates this policy and causes significant impact on the environment or society of the supply source community, the company reserves the right to terminate or rescind the relevant contract at any time. | There are no significant differences. |
| V.Does the company refer to internationally recognized reporting standards or guidelines when preparing non-financial information reports such as sustainability reports? Are these reports obtained with assurance or confirmation opinions from third-party verification units? | | ✓ | Our company is not required by current laws to compile a sustainability report. However, we have disclosed relevant and reliable sustainability-related information on our company’s website. We will continue to practice sustainable development. After our company goes public, we will compile a sustainability report within the statutory deadlines. | There are no significant differences. We will consider the Sustainability Reporting Guidelines for Listed and Over-the-Counter Companies and relevant laws when necessary or when there are legal or practical considerations. |
| VI.If the company has its own sustainability guidelines based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please state the differences between its operation and the established guidelines: No significant differences. | | | | |
| VII.Other important information contributing to the understanding of the implementation of sustainable development: The company has set up a sustainability section on its website to disclose relevant information based on actual operational conditions. | | | | |

Note 1: If “Yes” is selected for the operational situation, please provide details of the important policies, strategies, measures, and implementation status adopted. If “No” is selected for the operational situation, please explain the reasons and outline plans for future adoption of relevant policies, strategies, and measures.

Note 2: Materiality principles refer to issues related to the environment, society, and corporate governance that have a significant impact on the company’s investors and other stakeholders.

(VI) Fulfillment of Integrity Management and Differences from the Integrity Management Guidelines for Listed and OTC Companies, and Reasons

| Evaluation Item | Implementation Status | | Summary Descriptions: | Differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and reasons |
|--|-----------------------|----|--|--|
| | Yes | No | | |
| I.Establishment of Integrity Management Policy and Program | | | | |
| (I) Has the company established an integrity management policy approved by the board of directors, and clearly stated the policy and practices of integrity management in regulations and external documents, as well as actively implemented the commitment to the management policy by the board of directors and senior management? | ✓ | | (I) The company has established the “Integrity Management Code,” “Integrity Management Procedures and Code of Conduct,” and “Code of Ethics,” which regulate all business activities of the company with integrity. The board of directors and senior management are committed to actively implementing the integrity management policy. | No significant difference |
| (II) Has the company established a mechanism to assess the risk of dishonest behavior, regularly analyze and evaluate business activities with higher risks of dishonest behavior within its scope of operations, and formulate measures to prevent dishonest behavior, covering at least the preventive measures for each item specified in Article 7, Paragraph 2 of the “ Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies “? | ✓ | | (III) The company has stipulated in the “Integrity Management Procedures and Code of Conduct” the requirement to regularly analyze and assess the risk of dishonest behavior within its scope of operations, and to formulate measures to prevent dishonest behavior. These measures cover the preventive measures for each item specified in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies “. | No significant difference |
| (III)Does the company specify operational procedures, behavioral guidelines, disciplinary measures for violations, and a complaint system, in the plan to prevent dishonest behavior, and implement and periodically review and revise the aforementioned plan? | ✓ | | (III)The company has established the “Integrity Management Procedures and Code of Conduct” and the “Code of Ethics,” formulated a plan to prevent dishonest behavior, and specified operational procedures, behavioral guidelines, disciplinary measures for violations, and a complaint system within each plan. These | No significant difference |

| Evaluation Item | Implementation Status | | | Differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Summary Descriptions: | |
| | | | measures are implemented and enforced accordingly. | |
| II. Implementing Integrity Management | | | | |
| (I) Does the company assess the integrity records of counterparties and include integrity clauses in contracts signed with them for transactions? | ✓ | | (I) The company has established an assessment mechanism for suppliers and outsourcing contractors. | No significant difference |
| (II) Has the company established a dedicated unit under the board of directors to promote corporate integrity management, and does it regularly (at least annually) report its integrity management policy, measures to prevent dishonest behavior, and the supervision of their implementation, to the board of directors? | ✓ | | (II) In order to implement integrity management, the company has formulated the “Integrity Management Procedures and Code of Conduct” and designated the Human Resources department as the responsible unit. The Human Resources department is responsible for revising, interpreting, providing consultation services, and registering and filing relevant operations and supervising their implementation. Additionally, the company plans to report on the execution status to the board of directors at least once annually starting from this fiscal year. | |
| (III) Has the company established a policy to prevent conflicts of interest, provided appropriate channels for disclosures, and effectively implemented them? | ✓ | | (III) The company has clearly stipulated policies and operational procedures for preventing conflicts of interest for personnel at all levels in relevant regulations such as the “Operating Procedures and Code of Conduct for Integrity Management” and “Code of Ethics.” Additionally, appropriate channels for disclosures have been provided and effectively implemented. | |
| (IV) Has the company established effective accounting and internal control systems to uphold integrity in operations? Does the internal audit unit formulate relevant audit plans based on assessments of dishonest behavior risks, and does it use these plans to audit compliance with measures to prevent dishonest behavior, or does it engage external auditors to perform these audits? | ✓ | | (IV) The company’s accounting and internal control systems operate effectively. In addition to engaging external auditors for audit verification, internal audit units conduct regular or ad-hoc audits as required by regulations. | |

| Evaluation Item | Implementation Status | | | Differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Summary Descriptions: | |
| (V) Does the company regularly conduct internal and external education and training on ethical business conduct? | ✓ | | (V) The company promotes ethical business conduct through new employee training, internal meetings, and educational seminars, periodically advocating for ethical business principles and standards. | |
| III. The operation of the company’s whistleblowing system. | | | | |
| (I) Has the company established specific whistleblowing and reward systems, and established convenient whistleblowing channels, as well as assigned appropriate responsible personnel for reported cases? | ✓ | | (I) The company promotes ethical business conduct through new employee training, internal meetings, and educational seminars, periodically advocating for ethical business principles and standards. | No significant difference |
| (II) Has the company established standard operating procedures for handling reported issues, including investigation protocols, subsequent actions after completing investigations, and relevant confidentiality measures? | ✓ | | (II) The company has established standard operating procedures for handling reported issues, and all received reports and subsequent investigations are treated with confidentiality and rigor. | No significant difference |
| (III) Does the company take measures to protect whistleblowers from retaliation due to their reports? | ✓ | | (III) Furthermore, the company maintains the confidentiality of the whistleblower’s identity and the contents of the report, and pledges to protect the whistleblower from retaliation due to the report. | No significant difference |
| V. Enhanced Information Disclosure | | | | |
| Does the company disclose the content and effectiveness of its established code of conduct and its implementation on its website and public information disclosure platform? | ✓ | | The company discloses relevant information on its commitment to integrity through channels such as the company website. Additionally, an email address is provided within the investor relations section of the website, aiming to reinforce the responsibility for integrity through multiple channels. | No significant difference |
| IV. If the company has its own integrity operating guidelines based on the “Integrity Operating Guidelines for Listed | | | | |

| Evaluation Item | Implementation Status | | | Differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and reasons |
|--|-----------------------|----|-----------------------|--|
| | Yes | No | Summary Descriptions: | |
| and OTC-Listed Companies,” please explain the differences in operation and the guidelines: No significant differences exist. | | | | |
| V.Other important information that helps understand the operation of the company’s integrity management (such as reviewing and amending its integrity operating guidelines): None. | | | | |

(VII) If the company has established corporate governance guidelines and related regulations, its inquiry methods should be disclosed.

Our company has established various regulations such as “Shareholders’ Meeting Rules,” “Procedures for Lending Funds to Others,” “Procedures for Acquiring or Disposing of Assets,” “Endorsement and Guarantee Procedures,” “Director Appointment Procedures,” “Board of Directors Meeting Rules,” “Board of Directors Performance Evaluation Procedures,” “Scope of Duties for Independent Directors,” “Audit Committee Organization Regulations,” “Remuneration Committee Organization Regulations,” “Corporate Governance Practices Guidelines,” “Code of Ethics,” “Sustainable Development Practices Guidelines,” “Integrity Operating Guidelines,” “Integrity Operating Procedures and Code of Conduct,” “Internal Handling Procedures for Major Information,” “Prevention of Insider Trading Management Measures,” “Human Rights Policy,” “Whistleblowing Procedures for Fraud Reporting,” “Internal Reporting Management Measures,” and others. Please refer to our company’s website (<https://ir.kkcompany.com/corporate-governance/regulations>) for details.

(VIII) Other important information that helps understand the operation of corporate governance: None.

(IX) The following items should be disclosed regarding the implementation of the internal control system:

1. Internal Control Statement

**KKCompany Technologies Inc.
Statement of Internal Control System**

Date : 2024/03/07

In accordance with KKC self-assessment results from January 1, 2023, to December 31, 2023, the internal control system of our company is hereby declared as follows:

- 1、The establishment, implementation, and management of the internal control system are the responsibilities of the board of directors and management. KKC has already established this system to achieve objectives such as operational performance and efficiency (including profit, business performance and assurance of asset security), reliability of financial reporting, and compliance with relevant regulations and laws, providing reasonable assurance.
- 2、The internal control system has inherent limitations, and even with a well-designed system, it can only provide reasonable assurance for the aforementioned objectives. Moreover, the effectiveness of the internal control system may change due to environmental or situational changes. However, the internal control system includes a mechanism for self-monitoring, and any deficiencies identified will be addressed promptly.
- 3、KKC evaluates the effectiveness of the internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The "Regulations" criteria involve dividing the internal control system into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component consists of various elements. Please refer to the "Regulations" for the specific criteria.
- 4、KKC has adopted the aforementioned "Regulations" criteria to examine the effectiveness of the design and execution of the internal control system.
- 5、Based on the evaluation results, KKC believes that the internal control system (including supervision and management of subsidiaries) as of December 31, 2023, which encompasses the achievement of operational effectiveness and efficiency, reliable and timely financial reporting, and compliance with relevant regulations and laws, has been effectively designed and implemented to reasonably ensure the achievement of the aforementioned objectives.
- 6、This statement will become a major content of KKC annual report and statutory prospectus, and it will be made publicly available. Any fraudulent or concealed information in the public disclosure will subject us to legal responsibilities under the Securities and Exchange Act, including Articles 20, 32, 171, and 174.
- 7、This statement was approved by the Board of Directors of KKC on March 7, 2024. Among 11 attending directors, 0 opposed, and the rest agreed to the content of this statement.

KKCompany Technologies Inc.

Chairman : Wang, Hsien-Tang

General manager : Wang, Hsien-Tang

2. If the internal control system is subject to a special review by external auditors, the audit report by the auditors should be disclosed.

Deloitte.

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Internal Control System Review CPA's Reasonable Assurance Report

KKCompany Technologies Inc.

KKCompany Technologies Inc. and its subsidiaries stated on March 7, 2024, that the internal control system, which was assessed in relation to external financial reporting and asset security protection, was effectively designed and implemented as of December 31, 2023. This declaration was made after reviewing the accountant's report. Maintaining an effective internal control system and assessing its effectiveness are the responsibilities of the company's management. The accountant's responsibility is to express an opinion on the effectiveness of the company's internal control system and the company's internal control system statement based on the results of the review.

Assurance Target, Information, and Applicable Criteria

The assurance target and information in this confirmation engagement are as follows: the design and implementation status of the internal control system of KKCompany Technologies Inc. and its subsidiaries related to external financial reporting and asset safeguarding as of December 31, 2023, and the statement issued by KKCompany Technologies Inc. and its subsidiaries on March 7, 2024, confirming that the internal control system related to external financial reporting and asset safeguarding was effectively designed and implemented as of December 31, 2023. Please refer to the attached document for details.

The criteria used to measure or evaluate the above-mentioned assurance target and information are the 'Regulations Governing Establishment of Internal Control Systems by Public Companies' and the assessment items for determining the effectiveness of internal control systems.

Inherent Limitations

Due to the inherent limitations of any internal control system, the aforementioned internal control system of KKCompany Technologies Inc. and its subsidiaries may not be able to prevent or detect all errors or fraud that may occur. Furthermore, future changes in the environment may reduce adherence to the internal control system, so the effectiveness of the internal control system during the reporting period does not guarantee its future effectiveness.

Responsibility of Management

Management is responsible for establishing and continuously reviewing the internal control system in accordance with the 'Regulations Governing Establishment of Internal Control Systems by Public Companies' and relevant laws and regulations, in order to maintain the continuous effectiveness of the design and implementation of the internal control system. After assessing its effectiveness, management issues the internal control system statement.

Responsibility of the Accountants

The auditor's responsibility is to perform the necessary procedures in accordance with the 'Regulations Governing Establishment of Internal Control Systems by Public Companies' and Auditing Standard No. 3000, 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information,' to obtain reasonable assurance about the confirmation target and related information, and to conclude whether the confirmation target and related information, in all material respects, comply with the applicable criteria and are appropriately presented.

Independence and Quality Control Standards

The auditor and the accounting firm to which the auditor belongs have adhered to the provisions regarding independence and other ethical requirements in the Code of Ethics for Professional Accountants. The fundamental principles of the Code include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Additionally, the accounting firm to which the auditor belongs follows quality control standards and maintains a comprehensive quality control system, including written policies and procedures related to compliance with ethical requirements, professional standards, and applicable laws and regulations.

Summary of Procedures Performed

The accountant has planned and performed necessary procedures based on professional judgment to obtain relevant evidence regarding the confirmation target and related information. The procedures performed include understanding the company's internal control system, evaluating management's assessment process for the overall effectiveness of the internal control system, testing and evaluating the effectiveness of the design and implementation of the internal control system related to external financial reporting and asset safeguarding, and performing any other assurance procedures deemed necessary by the auditor.

Conclusion of Assurance

In the accountant's opinion, the design and implementation of the internal control system of KKCompany Technologies Inc. and its subsidiaries related to external financial reporting and asset safeguarding, as of December 31, 2023, have, in all material respects, complied with the assessment items for determining the effectiveness of internal control systems specified in the 'Regulations Governing Establishment of Internal Control Systems by Public Companies' and can be considered effective. KKCompany Technologies Inc. and its subsidiaries issued a statement on March 7, 2024, asserting that the internal control system related to external financial reporting and asset safeguarding is effectively designed and implemented, which is permitted in major aspects.

Deloitte & Touche
Accountant: Kuo-Ning Huang
Accountant: Chih-Ming Shao
April 30, 2024

- (X) For the most recent fiscal year and up to the printing date of the annual report, if the company or its internal personnel have been legally penalized, or if the company has penalized its internal personnel for violations of internal control system regulations, and if the results of such penalties may have significant impacts on shareholder equity or securities prices, the details of the penalties, major deficiencies, and improvement measures should be disclosed: None
- (XI) For the most recent fiscal year and up to the printing date of the annual report, significant resolutions made by the shareholders' meeting and the board of directors.

1. Important resolutions of the shareholders' meeting

| Meeting Date | Regular/ Extraordinary meeting | Reason for the Agenda | Resolution | Implementation Status |
|--------------------|--------------------------------|--|--|--|
| July 28, 2023 | Shareholder Written Resolution | Capital Restructuring and Amendment of Company Articles. | Passing Resolutions Through Written Consent as Previously Approved by the Board of Directors | The company's share currency has been changed to New Taiwan Dollars (NTD). The authorized capital has been changed to NTD 5 billion, consisting of 500 million shares, each with a par value of NT\$ 10. |
| August 10, 2023 | Extraordinary meeting | Adding a Chinese company name and amending the company's articles of association. | The resolution has been passed to acknowledge the original board meeting agenda. | Addition of Chinese Company Name '科科科技股份有限公司' and Amendment of Certain Articles in the Company's Articles of Association. |
| | | Complete re-election of directors (including independent directors). | Appointment of New Directors | Elected members are as follows: Wang, Hsien-Tang, Lin, Kwan-Chiun, SHIGETA Kohei, MASUDA Tatsuya, Tay Yi Cheah, Tsiang, Benjamin S., Wang, Wei-Chung, Li, Jong-Peir (Independent Director), Chen, Chiou-Ping (Independent Director), Chuang, Chih-Hsun (Independent Director) and Hu, Han-Liang (Independent Director) |
| | | Release of the non-competition restriction of newly elected directors. | This decision was passed by the original board resolution. | Release of the non-competition for Wang, Hsien-Tang, Lin, Kwan-Chiun, Tay Yi Cheah, Tsiang, Benjamin S., Wang, Wei-Chung, Li, Jong-Peir (Independent Director), Hu, Han-Liang (Independent Director), |
| September 22, 2023 | Extraordinary meeting | Business report for 2022 and consolidated financial statements for 2021~2022. | The resolution has been passed to acknowledge the original board meeting agenda. | Approved by the shareholders' meeting. |
| | | Distribution of Profits for the Year 2022 | The resolution has been passed to acknowledge the original board meeting agenda. | Approved by the shareholders' meeting. |
| | | The internal control related management procedures have been approved | This decision was passed by the original board resolution. | Adoption of 'Endorsement Guarantee Procedure,' 'Procedure for Fund Loans to Others,' 'Asset Acquisition or Disposal Procedure,' 'Derivative Trading Handling Principles,' 'Director Appointment Procedure,' and 'Shareholders' Meeting Rules. |
| | | The company passed the "2023 Restricted Stock Issuance Regulations for Employees" and the issuance of restricted stock for employees. | This decision was passed by the original board resolution. | Issuance of restricted employee stock options. |
| | | Approved the cash acquisition of all issued shares of TAIWAN KUO TIMES CO., LTD. | This decision was passed by the original board resolution. | Carrying out acquisition procedures. |
| | | Applied to the Taiwan Stock Exchange for the First Listing in Taiwan and the Supplemental Public Offering. | This decision was passed by the original board resolution. | Initiating the first listing and handling matters related to the supplementary public offering. |
| | | Approved the Public Offering of New Shares by Cash Increase and Waiver of Subscription Rights by Existing Shareholders before the Initial Listing. | This decision was passed by the original board resolution. | Authorize the Chairman to represent the company in signing, executing, and delivering all related contracts or documents, including but not limited to issuing notices, signing statements, and providing relevant instructions, with full authority to handle related matters. |
| | | Lifted the restrictions on director's non-compete agreements. | This decision was passed by the original board resolution. | Remove the non-compete agreements for SHIGETA Kohei, MASUDA Tatsuya, Benjamin S. Tsiang and Jong-Peir Li |

2. Important resolutions of the Board of Directors

| Meeting Date | Important Resolution |
|--------------------|--|
| July 31, 2023 | <ol style="list-style-type: none"> 1.Adding a Chinese company name and amending the company’s articles of association. 2.Comprehensive Election of Directors. 3.Convening of the first extraordinary general meeting of shareholders for the fiscal year 2023. |
| August 10, 2023 | <ol style="list-style-type: none"> 1.Establishment of the ‘Scope of Responsibilities for Independent Directors’ Regulation’. 2.Establishment of the ‘Audit Committee Organization Regulations’. 3.Establishment of the ‘Remuneration Committee Organization Regulations’. 4.Appointment of members to the Audit Committee. 5.Appointment of members of the Remuneration Committee. |
| August 18, 2023 | <ol style="list-style-type: none"> 1.Ratification of the appointment of certified public accountants for financial statement review in 2021 and 2022. 2.Adopted the 2021-2022 consolidated financial report. 3.Profit distribution plan for 2022. 4.Formulate the company’s internal audit system and related measures and procedures (including the approval authority table). 5.The company’s July 2022 – June 2023 and FY 2023 annual audit plans. 6.Established the “Board of Directors Performance Evaluation Measures” 7.Convening of the second extraordinary general meeting of shareholders for the fiscal year 2023. (Add discussion topic) 8.Formulate the Company’s “Remuneration Management Measures for Directors and Managers” 9.Review the 2023 salary and remuneration package for directors and managers. 10.Convening of the second extraordinary general meeting of shareholders for the fiscal year 2023. |
| September 6, 2023 | <ol style="list-style-type: none"> 1.Approval of the 2022 annual operating report. 2.Approved the 2023 Second Quarter Consolidated Financial Report. 3.Approved the Company’s “Statement of Internal Control System” during the special audit period (July 1, 2022 - June 30, 2023). 4.Established the Company’s corporate governance-related systems, codes, measures, and procedures. 5.Established the Company’s “Procedures for Application for Suspension and Resumption of Trading”. 6.Established the “2023 Employee Restricted Stock Issuance Measures” and issued the Restricted Stock for Employees. 7.Issued New Shares through Cash Increase. 8.Approved the cash acquisition of all issued shares of TAIWAN KURO TIMES CO., LTD. 9.Approved the purchase of Directors’ and Officers’ Liability Insurance. 10.Applied to the Taiwan Stock Exchange for the First Listing in Taiwan and the Supplemental Public Offered. 11.Approved the Public Offer of New Shares by Cash Increase and Waiver of Subscription Rights by Existing Shareholders before the Initial Listing. 12.Convening of the second extraordinary general meeting of shareholders for the fiscal year 2023. (Add discussion topic) 13.Lifted the restrictions on director’s non-compete agreements. |
| September 22, 2023 | <ol style="list-style-type: none"> Approved the List and Number of Shares Allocated to Employees under the 2023 Employee Restricted Stock Issuance Program. |
| November 10, 2023 | <ol style="list-style-type: none"> 1.2023 the third quarter Consolidated Financial Statements and Independent Auditors’ Review Report. 2.Approved the 2024 Annual Operating Plan and Budget Proposal. 3.Presentation of the audit plan for fiscal year 2024. 4.Proposed the Company’s Cash Increase to Issue Common Shares for Public Offer before Stock |

| | |
|---------------|--|
| | Listing. 5. Proposed the Reservation of Employee Subscription Shares and Conditions for Cash Increase to Issue New Shares before the Initial Listing of the Company. |
| March 7, 2024 | 1. Approved the Company's 2023 Internal Control System Statement. 2. Independent assessment of the auditors' independence. 3. Appointment of Auditors for the Audit of Financial Statements for the Years 2023 and 2024. 4. Allocation of employee compensation and director remuneration for the fiscal year 2023. 5. Approval of the 2023 annual operating report and financial statements. 6. Distribution of Profits for the Year 2023 7. Amendment of the company's articles of association. 8. Convening of the 2024 Annual General Meeting of Shareholders and matters related to shareholder proposals. 9. Salary adjustment for executives for fiscal year 2024 |
| May 9, 2024 | Proposal for the 2024 First Quarter Consolidated Financial Report and Auditor's Review Report |

(XII) During the latest fiscal year and up to the printing date of the annual report, there were no records or written statements from directors or supervisors expressing dissenting opinions on important decisions passed by the Board of Directors.

(XIII) Summary of the resignation or dismissal of the Chairman of the Board, General Manager, Accounting Manager, Finance Manager, Internal Audit Manager, Corporate Governance Manager, and Research and Development Manager, etc., during the latest fiscal year and up to the printing date of the annual report.

V. Certified Public Accountant (CPA) Fee Information

(I) The amount of audit fees and non-audit fees paid to the CPAs, their affiliated firms, and related enterprises, as well as the content of non-audit services:

Unit: NT\$'000

| Name of the Accounting Firm: | Accountant Name | Accountant's review period | Audit Fees | Non-audit Fees | Total | Note |
|------------------------------|-----------------|----------------------------|------------|----------------|--------|------|
| Deloitte & Touche | Huang, Kuo-Ning | 2023 | 8,000 | 5,640 | 13,640 | None |
| | Shao, Chih-Ming | | | | | |

Note: Non-audit fees mainly consist of tax certification and internal control system design.

(II) If there has been a change in the accounting firm and the audit fees for the year following the change are lower than the audit fees for the previous year, the amounts of audit fees before and after the change, as well as the reasons for the change, should be disclosed: Not applicable.

- (III) If the audit fees have decreased by more than ten percent compared to the previous year, the amount and percentage of the decrease in audit fees, as well as the reasons for the decrease, should be disclosed: None.

VI.Change of Accountant Information: Not applicable

VII.There have been no instances in the past year where the company's chairman, general manager, person in charge of finance, or accounting manager served at the accounting firm or its affiliated enterprises.

VIII.Shareholding Transfer and Pledge Changes of Directors, Supervisors, Managers, and Shareholders with Over 10% Shareholding:

- (I) Changes in Shareholding of Directors, Supervisors, Managers, and Shareholders with Over 10% Shareholding

Unit: share

| Job Title | Name | 2023 | | 2024 As of May 31st | |
|--|--|---|--|---|---|
| | | Shares Held Increase (Decrease) in Number of | Increase (Decrease) in Number of Shares Pledged | Shares Held Increase (Decrease) in Number of | Shares Pledged Increase (Decrease) in Number of |
| Chairman and Manager | Wang, Hsien-Tang | 2,190,374 (Note 1) | - | - | - |
| Director and Manager | Tay Yi Cheah | 54,635 | - | 438,000 | - |
| Director | Lin, Kwan-Chiun | 3,918,704 | - | - | - |
| Director | Tsiang, Benjamin S. | - | - | - | - |
| Director | Wang, Wei-Chung | - | - | - | - |
| Director | SHIGETA Kohei | - | - | - | - |
| Director | MASUDA Tatsuya | - | - | - | - |
| Independent Director | Li, Jong-Peir | - | - | - | - |
| Independent Director | Chuang, Chih-Hsun | - | - | - | - |
| Independent Director | Chen, Chiou-Ping | - | - | - | - |
| Independent Director | Hu, Han-Liang | - | - | - | - |
| Manager | Tsai, Yi Ren | 515,421 | - | Not applicable | - |
| Manager | Hiroto Matsuhashi | - | - | 160,000 | - |
| Manager | Yeh, Chan-Yun | 10,308 | - | - | - |
| Manager | Lee, Cho-Hsuan | 61,851 | - | - | - |
| Manager | Huang, Bo-Song | 22,354 | - | - | - |
| Manager | Wang, Yi-Chih | - | - | - | - |
| Shareholders Holding More Than Ten Percent of the Company's Shares | KDDI Overseas Holdings B.V. | 73,962,906 | - | - | - |
| Shareholders Holding More Than Ten Percent of the Company's Shares | Government of Singapore Investment Corp. | 27,554,404 | - | - | - |
| Shareholders Holding More Than Ten Percent of the Company's Shares | Li, Peng-Syuan(Note 2) | 12,008,414 | - | - | - |

| Job Title | Name | 2023 | | 2024 As of May 31st | |
|--|-----------------------------|---|--|---|---|
| | | Shares Held Increase (Decrease) in Number of | Increase (Decrease) in Number of Shares Pledged | Shares Held Increase (Decrease) in Number of | Shares Pledged Increase (Decrease) in Number of |
| Shareholders Holding More Than Ten Percent of the Company's Shares | Manuscript Inc. (Note 2) | 7,463,295 | - | - | - |

Note 1: Wang, Hsien-Tang personally holds 1,133,926 shares, and additionally holds 1,056,448 shares through Siangting Capital Limited (British Virgin Islands).

Note 2: Manuscript Inc.'s ultimate beneficial owner (Chien, Min-Yi) is in a spousal relationship with Li, Peng-Syuan, and together they hold more than ten percent of the company's shares.

Note 3: The shares held by the directors, supervisors, managers, and shareholders holding more than ten percent of the company's shares are sourced from the share premium distribution conducted by the group's parent company, KKCulture Inc. (formerly KKCompany Inc.), distributing 100% of the company's shares according to the original shareholders' shareholding proportions.

(II) Information regarding related parties for directors, supervisors, managers, and shareholders holding more than ten percent of the company's shares: Not applicable.

(III) Information regarding related parties for directors, supervisors, managers, and shareholders holding more than ten percent of the company's shares regarding share pledging: None

IX. Information on Shareholders Among the Top Ten Shareholders Who Are Related Parties or Spouses, Relatives within the Second Degree of Kinship:

May 31, 2024

| Name | Personal Shareholding | | Shareholding Held by Spouse & Minor Children | | Shareholding Total Held in the Name of Others | | Title, Name and Relationship of Shareholder Being a Related Party, Spouse or Relative within the Second Degree of Kinship of Another with number of shareholdings ranked in top 10. | | Note |
|--|---|------------------------|--|------------------------|---|------------------------|---|--------------|------|
| | Number of Shares | Shareholding (%) ratio | Number of Shares | Shareholding (%) ratio | Number of Shares | Shareholding (%) ratio | Name (or Full name) | Relationship | |
| KDDI Overseas Holdings B.V. (Representative: Masayuki Otani) | 73,962,906 (Representative holds: 0) | 45.100% | - | - | - | - | - | - | - |
| Government of Singapore Investment Corp. (Representative: Lee Hsien Loong) | 27,554,404 (Representative holds: 0) | 16.802% | - | - | - | - | - | - | - |
| H.T.C. (B.V.I.) Corp. (Representative: Wang, Cher) | 12,287,635 (Representative holds: 0) | 7.493% | - | - | - | - | - | - | - |
| Li, Peng-Syuan | 12,008,414 | 7.322% | 7,463,295 | 4.551% | - | - | Manuscript Inc. (UBO: Min-Yi Chien) | Spouse | Note |
| Manuscript Inc. (Representative: Chien, Min-Yi) | 7,463,295 (Representative holds: 0) | 4.551% | 12,008,414 | 7.322% | - | - | Peng-Syuan Li | Spouse | Note |
| Taiwan Mobile Co., Ltd. (Representative: Tsai, Tzu-Ming) | 4,547,000 (Representative holds: 0) | 2.773% | - | - | - | - | - | - | - |
| Lin, Kwan-Chiun | 3,918,704 | 2.390% | - | - | - | - | - | - | - |
| Chunghwa Telecom Co., Ltd. (Representative: Kuo, Shui-Yi) | 2,761,905 (Representative holds: 0) | 1.684% | - | - | - | - | - | - | - |
| Taishin International Commercial Bank entrusted trust property account | 2,498,000 | 1.523% | - | - | - | - | - | - | - |
| Trend Micro Inc. (Representative: Chang, Wei-Chin) | 2,423,000 (Representative holds: 0) | 1.477% | - | - | - | - | - | - | - |

Note: The ultimate controlling person of Manuscript Inc. (Chien, Min-Yi) is in a spousal relationship with Li, Peng-Syuan, and together they collectively hold more than ten percent of the company's shares.

X. The company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the company, hold shares in the same investment enterprise, and the comprehensive shareholding ratio is calculated by

consolidation: Not Applicable.

FOUR. Capital Raising Situation

I. Capital and Shareholding

(I) Source of Capital

1. Share Capital Changes in the Last Five Fiscal Years up to the Date of Annual Report Printing

Unit: Shares; New Taiwan Dollars; US Dollars

| Date | Issuance Price | Authorized Capital | | Paid-up Capital | | Note | | |
|---------|----------------|--------------------|---------------|------------------|----------------|--|--|--------|
| | | Number of Shares | Amount | Number of Shares | Amount | Source of Capital | Property Other Than Cash Provided as Capital Contributions | Others |
| 11/2022 | US\$ 1 | 5,000,000 | US\$ 50,000 | 1 | US\$ 0.01 | Capital at Establishment | - | - |
| 11/2022 | US\$ 10 | 5,000,000 | US\$ 50,000 | 3,367,689 | US\$ 33,676.89 | Organizational Restructuring (Note 1) | - | - |
| 2/2023 | US\$ 10 | 5,000,000 | US\$ 50,000 | 3,817,689 | US\$ 38,176.89 | Cash Increase | - | - |
| 6/2023 | US\$ 10 | 5,000,000 | US\$ 50,000 | 3,987,689 | US\$ 39,876.89 | Cash Increase | - | - |
| 7/2023 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 123,600,000 | 1,236,000,000 | Capital restructuring, par value changed to NT\$10 | - | - |
| 7/2023 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 148,400,000 | 1,484,000,000 | Cash Increase | - | - |
| 9/2023 | NT\$ 105 | 500,000,000 | 5,000,000,000 | 160,900,000 | 1,609,000,000 | Cash Increase | - | - |
| 9/2023 | NT\$ 0 | 500,000,000 | 5,000,000,000 | 163,996,000 | 1,639,960,000 | Restricted employee stock options | - | - |

Note: In 2022, the company acquired 100% equity of KKBOX International Limited, KKStream Limited, and KKCompany Technologies Pte. Ltd., as well as convertible notes from Ephod Technology Ltd. through the issuance of new shares in exchange for equity.

2. Types of Shares

May 31, 2024

| Types of Shares | Authorized Capital | | | Note |
|----------------------------|--------------------|--------------------|--------------------|--------|
| | Outstanding Shares | Unissued Shares | Total | |
| Registered Ordinary Shares | 163,996,000 shares | 336,004,000 shares | 500,000,000 shares | Note 1 |

Note 1: The company's shares are not listed on any stock exchange and are not traded at securities firms.

Note 2: The face value of the company's ordinary shares is NT\$10.

3. Issuer's Approval for General Reporting System to Raise Capital through the Issuance of Securities: None.

(II) Shareholder Structure

May 31, 2024

| Shareholder Structure Number | Government Agencies | Financial Agencies | Other Legal Entities | Individuals | Foreign Institutions and Foreigners | Total |
|--------------------------------------|---------------------|--------------------|----------------------|-------------|-------------------------------------|-------------|
| Number of Shareholders (Individuals) | - | - | 6 | 103 | 11 | 120 |
| Number of Shares Held (shares) | - | - | 14,129,905 | 26,146,566 | 123,719,529 | 163,996,000 |
| Shareholding Percentage (%) | - | - | 8.616 | 15.943 | 75.441 | 100.00 |

(III) Equity Distribution

Per Share Value: Ten New Taiwan Dollars (NTD); As of May 31, 2024

| Shareholding Class | Number of Shareholders | Number of Shares | Shareholding Ratio |
|--------------------|------------------------|------------------|--------------------|
| 1-999 | - | - | - |
| 1,000-5,000 | 10 | 19,602 | 0.012% |
| 5,001-10,000 | 9 | 56,696 | 0.035% |
| 10,001-15,000 | 12 | 137,671 | 0.084% |
| 15,001-20,000 | 3 | 51,027 | 0.031% |
| 20,001-30,000 | 10 | 225,523 | 0.138% |
| 30,001-40,000 | 9 | 291,209 | 0.178% |
| 40,001-50,000 | 11 | 487,148 | 0.297% |
| 50,001-100,000 | 22 | 1,446,414 | 0.882% |
| 100,001-200,000 | 11 | 1,555,147 | 0.948% |
| 200,001-400,000 | 2 | 631,272 | 0.385% |
| 400,001-600,000 | 3 | 1,523,477 | 0.929% |
| 600,001-800,000 | 2 | 1,299,633 | 0.792% |
| 800,001-1,000,000 | 2 | 1,900,000 | 1.159% |
| Above 1,000,001 | 14 | 154,371,181 | 94.131% |
| Total | 120 | 163,996,000 | 100.000% |

Note: The face value of the company's common stock is NT\$10 per share.

(IV) List of Major Shareholders

As of May 31, 2024; Unit: Shares

| Shares | Main nationality or place of registration | Shares Held | Shareholding ratio |
|--|---|-------------|--------------------|
| Major shareholders | | | |
| KDDI Overseas Holdings B.V. | Netherlands | 73,962,906 | 45.100% |
| Government of Singapore Investment Corp. | Singapore | 27,554,404 | 16.802% |
| H.T.C. (B.V.I.) Corp. | BVI | 12,287,635 | 7.493% |
| Li, Peng-Syuan | Taiwan | 12,008,414 | 7.322% |

| | | | |
|---|--------|-----------|--------|
| Manuscript Inc. | Cayman | 7,463,295 | 4.551% |
| Taiwan Mobile Co., Ltd. | Taiwan | 4,547,000 | 2.773% |
| Lin, Kwan-Chiun | Taiwan | 3,918,704 | 2.390% |
| Chunghwa Telecom Co., Ltd. | Taiwan | 2,761,905 | 1.684% |
| Taishin International Commercial Bank entrusted trust property account | Taiwan | 2,498,000 | 1.523% |
| Trend Micro Inc. | Taiwan | 2,423,000 | 1.477% |

(V) Market Price, Net Worth, Earnings, and Dividend per Share and Related Information for the Most Recent Two Years

| Annual project | | 2022 | 2023 |
|----------------------------|---|----------|----------|
| Price per share | Highest | Unlisted | Unlisted |
| | Lowest | Unlisted | Unlisted |
| | Average | Unlisted | Unlisted |
| Net value per share | Before allocation | 10.16 | 17.20 |
| | After allocation | 10.16 | 17.20 |
| Earnings per share | Weighted average number of shares (thousand shares) | 104,380 | 134,342 |
| | Earnings (loss) per share | 1.71 | 0.66 |
| Dividends per share | Cash Dividend | | - |
| | Bonus Issue | - | - |
| | | - | - |
| | Accumulated Unpaid Dividends | | - |
| Investment return analysis | Earnings Yield | Unlisted | Unlisted |
| | Dividend Yield | Unlisted | Unlisted |
| | Cash Dividend Yield Ratio | Unlisted | Unlisted |

(VI) Company Dividend Policy and Implementation Status

1. Company Dividend Policy as Stipulated in the Articles of Association

- (1) The Company shall distribute employee remuneration from the annual profit if the pre-tax net profit before deducting employee remuneration and director remuneration does not fall below 1% and shall distribute director remuneration if the pre-tax net profit before deducting employee remuneration and director remuneration does not exceed 5% in the fiscal year. However, when the Company has accumulated losses, it shall reserve an amount for offsetting. Employee remuneration may be distributed in the form of stocks or cash and may be distributed according to the Employee Incentive Plan agreed upon in accordance with Article 11.1 of the Articles of Association. The recipients of employee remuneration may include employees of domestic and foreign controlling or subsidiary companies who meet certain conditions. The distribution of employee remuneration shall be resolved by the board of directors with the consent of two-thirds or more of the attending directors and the majority of the attending directors and shall be reported to the shareholders' meeting. Directors who concurrently serve as executives of the Company and/or its domestic or foreign controlling or subsidiary companies may receive remuneration for their directorship and their employment as employees simultaneously.

- (2) The company, being in a growth stage and considering capital expenditures, business expansion, and sound financial planning for sustainable development, will determine its dividend policy based on the company's future budget for capital expenditures and funding needs, as well as in response to economic and industry dynamics. Dividends will be distributed to shareholders in the form of cash dividends and/or stock dividends. If the board of directors resolves to distribute profits, a plan shall be formulated and approved by ordinary resolution at a general meeting of shareholders. The board of directors shall formulate the profit distribution plan as follows:
- (a) The company shall set aside taxes payable in accordance with the law.
 - (b) Net profits for the year shall first offset accumulated losses from previous years, if any. Next, (c) the statutory surplus reserve shall be set aside in accordance with the laws governing public companies, unless the statutory surplus reserve has reached the company's paid-in capital, in which case this restriction does not apply; and (d) a special surplus reserve shall be set aside in accordance with the laws governing public companies or as required by the regulatory authority. Unless otherwise provided by laws and regulations governing public companies, the distributable profit for the year, after deducting the amounts mentioned in (a) to (d) above, plus the cumulative undistributed profit from previous periods, shall be regarded as distributable profit, and the board of directors may propose a profit distribution plan to be resolved upon by the general meeting of shareholders. The distribution of profits may be made in the form of cash dividends or stock dividends (issuing shares to shareholders in proportion to the increased capital from earnings). If the board of directors resolves to distribute profits, the total amount of dividends to shareholders shall be at least 10% of the profit for the year after deducting the amounts mentioned in (a) to (d) above, with the total amount of cash dividends not less than 10% of the total dividends distributed to shareholders.

- (3) Subject to compliance with laws, regulations, and the Company's Articles of Association, the board of directors may announce dividends and earnings per share and may use funds legally available to the company to pay dividends or distribute profits. Dividends or profit distributions shall not be paid except from the company's realized or unrealized profits, the amount of share premium, or other amounts permitted by laws, and shall not be paid otherwise.
- (4) Unless otherwise agreed, dividends shall be distributed according to the proportion of shares held by shareholders. If the conditions for the issuance of shares specify a certain date from which dividends are calculated, dividends for those shares shall be calculated accordingly.
- (5) Subject to compliance with laws, regulations, and the Company's Articles of Association, if a shareholder is required to pay funds to the company, the board of directors may deduct such amount from dividends or profit distributions payable to that shareholder.
- (6) Subject to compliance with laws, regulations, and the Company's Articles of Association, the board of directors, after obtaining ordinary resolution approval from the shareholders' meeting, may announce the distribution of all or part of dividends in the form of specific assets (especially shares, bonds, or securities of other companies), or in one or more ways. In cases where distribution is difficult, the board of directors may resolve the matter appropriately and efficiently. The board may determine the value of the specific assets, or a portion thereof, and may decide to adjust shareholders' rights by paying cash to shareholders based on the determined value. If deemed appropriate and efficient by the board of directors, a trust may be established for the aforementioned specific assets.
- (7) Any cash payments related to dividends, distributions, interest, or other matters concerning shares may be transferred via wire transfer to shareholders or sent by check or certificate to the registered address of the shareholder. Each check or certificate should be payable according to the instructions of the recipient.
- (8) No interest may be claimed from the company on any dividends or distributions.

- (9) Without violating laws, regulations, or the company's charter, if dividends payable to shareholders cannot be paid or remain unclaimed six months after the dividend announcement date, the Board of Directors may decide to deposit them into an independent account opened in the company's name. However, the company must not become the trustee of that account, and the dividends remain a debt owed to the shareholders. Dividends remaining unclaimed after six years from the dividend announcement date shall be deemed abandoned by the shareholders, and such dividends shall revert to the ownership of the company.
- (10) Without violating laws, the Board of Directors may, by a resolution passed by a majority of the directors present at the meeting, distribute dividends, statutory surplus, and/or all or part of the capital surplus derived from the issuance of shares or receipt of donations to the original shareholders in the form of cash and report it to the shareholders' meeting.
2. The proposed (or already proposed) dividend distribution for the current year.
- The profit distribution proposal for the fiscal year 2022 was approved by the Board of Directors on August 18, 2023, and by the shareholders' meeting on September 22, 2023, with no distribution.

(VII) The impact of the proposed bonus issue on the company's operating performance and earnings per share for the current year:

The company did not distribute stock dividends for the current year, so there is no impact.

(VIII) Remuneration for employees, directors, and supervisors:

1. Remuneration for employees, directors, and supervisors:

Unless otherwise provided by the laws of the Cayman Islands, listing regulations, or the articles of association, if the company is profitable for the fiscal year, a decision to allocate over one percent as employee remuneration shall be made by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the affirmative vote of the majority of the directors present. Such remuneration may be distributed to employees in the form of shares and/or cash. Additionally, by a resolution of the Board of Directors with the attendance of at least two-thirds of the directors and the affirmative vote of the majority of the directors present, an allocation of up to two percent may be made as director's remuneration to directors, except where there are other provisions in the listing regulations. Director's remuneration may only be paid in cash unless otherwise specified by listing regulations. However, when the company has accumulated losses, an amount for compensation should be reserved first, and the remaining amount shall be allocated for employee and director remuneration according to the aforementioned proportions. The resolution of the Board of Directors regarding the distribution of employee and director remuneration shall be reported to the shareholders' meeting after its passage. The term "profit" referred to herein shall mean the profit before tax deduction for the distribution of employee and director remuneration.

2. The basis for estimating the amount of remuneration for employees, directors, and supervisors in this period is calculated based on the number of shares allocated for employee remuneration and the actual amount of distribution, in case there is a discrepancy between the estimated amount and the actual distribution.

In the event that the actual distribution amount differs from the estimated amount in the future, adjustments will be made to recognize the expense for the current year in the annual consolidated financial statements before the date of issuance of the financial statements. However, if adjustments are made after the date of issuance of the annual consolidated financial statements, accounting treatment will be based on accounting estimates, and the adjustments will be recorded in the following year.

3. Board approval of remuneration distribution:
 - (1) The amount of remuneration distributed in cash or stock to employees, directors, and supervisors. If there is a discrepancy between the amount recognized as expense in the annual estimate and the actual amount, the difference, reasons, and handling should be disclosed: None.
 - (2) The proportion of employee remuneration distributed in stock to the total net profit after tax and total employee remuneration for the period: None.
4. Shareholders' meeting report on remuneration distribution situation and results: None.
5. Actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares distributed, amounts, and stock prices). Any discrepancies with the recognized remuneration for employees, directors, and supervisors should be explained, along with the difference, reasons, and handling: None.
- (IX) Repurchase of Company Shares: There have been no instances of the company repurchasing its own shares in the past three fiscal years up to the date of the annual report printing.

II. Company Bonds (including Overseas Company Bonds): None

III. Preferred Shares: None

IV. Participation in Overseas Depositary Receipts: None

V. Employee Stock Options: None

VI. Company Restricted Employee Stock Handling Situation:

(I) For Restricted Employee Stock Options that have not yet met all eligibility criteria, the following details should be reported to the regulatory authorities, including effective date and total number of shares, issuance date, issued shares, remaining shares available for issuance, issuance price, eligibility criteria, restricted rights, custody status, handling procedures for those not meeting eligibility criteria, repurchased or bought-back shares, shares with restrictions lifted, shares with restrictions still in place, the percentage of shares with restrictions still in place compared to the total issued shares, and the impact on shareholder equity.

May 31, 2024

| Restricted Employee Stock Options Type | First Tranche (Series) Restricted Employee Stock Options |
|---|--|
| Effective Date of Declaration and Total Number of Shares | September 22, 2023 Total Number of Shares: 3,096,000 |
| Issue Date | September 22, 2023 |
| Number of Restricted Employee Stock Options Issued | 3,096,000 shares |
| Remaining Number of Restricted Employee Stock Options Available for Issuance | 0 shares |
| Issue Price | 0 dollar |
| Percentage of Issued Restricted Employee Stock Options to Total Issued Shares | 1.9% |
| Conditions for the Acquisition of Restricted Employee Stock Options | <p>1. According to the overall performance indicators of our company, the achievement or non-achievement of the following indicators is the threshold for issuing incentives, based on the audited consolidated financial statements for the fiscal year prepared by the company's auditors (referred to as the baseline year). However, in the event of significant impact on the company due to international or industry situations, the performance indicators or payout ratios may be amended upon proposal by the company's Compensation Committee and approved by the Board of Directors before issuance. The performance condition is based on the annual revenue growth rate of our company (Revenue Growth %), and the growth targets for individual years are as follows:</p> <p>For the first year: If the revenue growth rate exceeds 110% of the baseline year, eligible participants may receive shares equivalent to 10% of the total.</p> <p>For the second year: If the revenue growth rate exceeds 130% of the baseline year, eligible participants may receive shares equivalent to 20% of the total.</p> <p>For the third year: If the revenue growth rate exceeds 160% of the baseline year, eligible participants may receive shares equivalent to 30% of the total.</p> <p>For the fourth year: If the revenue growth rate exceeds 190% of the baseline year, eligible participants may receive shares equivalent to 40% of the total.</p> <p>2. Employee personal performance indicators: The performance appraisal grade</p> |

| Restricted Employee Stock Options Type | First Tranche (Series) Restricted Employee Stock Options |
|--|--|
| | in individual years is at least Meet Expectation (inclusive) and above, and the work results meet the standards agreed between the company and individual employees. When employees meet the annual performance conditions, they need to be on the job during the performance calculation year. |
| The restricted rights of employee restricted stock option | <ol style="list-style-type: none"> 1. The restricted rights of employees before meeting the vested conditions for newly allocated shares are as follows: 2. Employees who have been allocated new shares but have not yet met the vested conditions shall not, except through inheritance, sell, pledge, transfer, gift, or otherwise dispose of such restricted employee stock options. 3. Rights such as attendance, proposal submission, speech, and voting rights at shareholders' meetings shall be exercised according to the terms of the trust agreement after being placed under trust custody. 4. Prior to meeting the vested conditions, the restricted employee stock options shall not confer rights to participate in the original shareholders' rights offers (such as rights issues) or dividend distributions. 5. During the period from the suspension of the right to transfer shares without consideration, the suspension of cash dividends transfer date, the suspension of share transfer during shareholders' meetings, or any other legally prescribed suspension period until the rights distribution record date, employees who meet the vested conditions during this period shall have their vested shares released from restrictions according to the terms of the trust agreement or relevant regulations. |
| The custody arrangement for restricted employee stock options | After the issuance of restricted employee stock options, the company may request at any time that they be placed in trust, with the consent and cooperation of the employees who have been allocated such options. If placed in trust, the company or its designated representative will sign a trust agreement with the stock trust institution on behalf of the employees. |
| The handling procedures for employees who have been allocated or subscribed to new shares but have not yet met the vested conditions | <ol style="list-style-type: none"> 1. If, before the expiration of the vesting period for restricted employee stock options, an individual's performance indicators or the company's overall performance indicators for a particular year do not fully meet the vesting conditions, the shares allocated for that year which have not yet vested shall be repurchased by the company from the employee at no cost and subsequently cancelled. <ol style="list-style-type: none"> I. Voluntary resignation, retirement, or unpaid leave. II. Termination of employment or dismissal. III. Natural death. 2. If, before the expiration of the vesting period for restricted employee stock options, an individual's performance indicators or the company's overall performance indicators for a particular year do not fully meet the vesting conditions, the shares allocated for that year which have not yet vested shall be repurchased by the company from the employee at no cost and subsequently cancelled. |
| Number of restricted employee stock options repurchased or acquired | 0 shares |
| Number of restricted employee stock options released | 0 shares |
| Number of restricted employee stock options unreleased | 3,096,000 shares |
| Percentage of unreleased restricted employee stock options to total issued shares (%) | 1.9% |
| Impact on shareholders' equity | Based on the current fair value estimation, the maximum possible expense amount to be capitalized is NT\$299,074,000. The estimated expense amounts for the years 2023, 2024, 2025, 2026, and 2027 are NT\$6,432,000, NT\$23,476,000, NT\$59,815,000, NT\$89,722,000, and NT\$119,629,000, respectively. The maximum possible decrease in earnings per share (EPS) after capitalization for the years 2023, 2024, 2025, 2026, and 2027 are NT\$0.05, NT\$0.15, NT\$0.37, NT\$0.55, and NT\$0.74, respectively. These potential dilutions to EPS are limited, thus having no significant impact on shareholders' equity. |

(II) Cumulative as of the printing date of the public disclosure document, the managers and the top ten employees who have acquired restricted employee stock options are:

May 31, 2024

| | Job title | Name | The number of new shares obtained with restricted employee rights (shares) | The ratio of the number of new shares acquired with restricted employee rights to the total number of issued shares | Released Restricted Rights | | | | Unreleased Restricted Rights | | | |
|---------|--|-------------------|--|---|----------------------------|----------------|-----------------|---|--|----------------------|--------------------|---|
| | | | | | Released Restricted Shares | Issuance Price | Issuance Amount | Percentage of Released Restricted Shares to Total Issued Shares | Number of unrestricted shares (shares) | Issuance Price (NTD) | Issue Amount (NTD) | Percentage of Unreleased Restricted Shares to Total Issued Shares |
| Manager | Chairman, CEO and Chief Information Security Officer | Wang, Hsien Tang | 1,776,000 | 1.083% | - | - | - | - | 1,776,000 | - | - | 1.083% |
| | Chief Financial Officer | Tay Yi Cheah | | | | | | | | | | |
| | General Manager of Multimedia Technologies Business | Lee, Cho-Hsuan | | | | | | | | | | |
| | General Manager of Music Streaming Business | Yeh, Chan-Yun | | | | | | | | | | |
| | General Manager of Japan Office | Hiroto Matsuhashi | | | | | | | | | | |
| | General Manager of Digital Business Solutions Business | Huang, Bo-Song | | | | | | | | | | |
| | Assistant Manager of Corporate Governance | Wang, Yi-Chih | | | | | | | | | | |
| Staff | General Manager of Business Strategy Development | Huang, Chia-Hung | 1,320,000 | 0.805% | - | - | - | - | 1,320,000 | - | - | 0.805% |
| | Executive Vice President | Peng, Yao-Ching | | | | | | | | | | |
| | Executive Vice President | Chen, Pei-Shih | | | | | | | | | | |
| | Vice President | Peng, Hung-Ta | | | | | | | | | | |
| | Vice President | Chang, Yuan-Che | | | | | | | | | | |
| | Vice President | Tsai, Yi Ren | | | | | | | | | | |
| | Assistant Vice President | Chen, Chih-Cheng | | | | | | | | | | |
| | Assistant Vice President | Chen, Yen-Chen | | | | | | | | | | |
| | Assistant Vice President | Liu, Chih-Wei | | | | | | | | | | |
| | Manager | Ma, Li-Shiang | | | | | | | | | | |
| | Project Assistant Manager | Wang, Tse-Hsuan | | | | | | | | | | |

Note 1: Tsai, Yi Ren resigned from the position of Chief Technology Officer on January 3, 2024

VII. Merger or Acquisition of Shares of Other Companies by Issuing New Shares:

No such circumstances exist.

VIII. Execution Status of Fund Utilization Plan:

(I) Execution Status of Cash Capital Increase and New Share Issuance Plan in 2024

1. Plan Content

- (1) Approval Date and Document Number by the Regulatory Authority: Effective from January 17, 2024, according to the letter No. 11200247631 issued by Taiwan Stock Exchange Corporation.
- (2) Amount Required for the Plan: NT\$1,804,000,000.
- (3) Source of Funds: Cash capital increase and issuance of new shares, totaling 20,500,000 shares with a par value of NT\$10 per share. The public subscription underwriting price is NT\$88 per share, resulting in a total fundraising amount of NT\$1,804,000,000.
- (4) Fund utilization plan and utilization progress.

Unit: NT\$'000

| Project | Expected Complete Date | Amount Required | Scheduled fund utilization progress | | | |
|------------------------|------------------------|-----------------|-------------------------------------|----------------|---------------|----------------|
| | | | 2024 | | | |
| | | | First quarter | Second quarter | Third quarter | Fourth quarter |
| Enrich working capital | Fourth quarter of 2025 | 601,400 | - | - | 300,700 | 300,700 |
| Total (2024) | | 601,400 | - | - | 300,700 | 300,700 |
| Project | Expected Complete Date | Amount Required | Scheduled fund utilization progress | | | |
| | | | 2025 | | | |
| | | | First quarter | Second quarter | Third quarter | Fourth quarter |
| Enrich working capital | Fourth quarter of 2025 | 1,202,600 | 300,700 | 300,700 | 300,700 | 300,500 |
| Total (2024 and 2025) | | 1,804,000 | 300,700 | 300,700 | 601,400 | 601,200 |

- (5) Date of input to the designated information reporting website of the financial supervisory commission: Not applicable.
- (6) Changes in plan content, reasons for changes, and changes in benefits before and after changes: No such circumstances exist.

2. Implementation Status

As of the date of the annual report printing, execution has not commenced.

(II) Execution Benefits

As of the date of the annual report printing, execution has not commenced. The company's current cash capital increase is expected to raise a total of NT\$1,804,000,000, which will be entirely used to enhance operating funds. This aims to strengthen the financial structure, reduce interest expenses, enhance the flexibility of capital utilization, and lower operational risks.

(III) Up to the end of the previous quarter before the annual report printing, regarding previous issuances or private placement of securities that have not been completed or have been completed within the last three years, but their planned benefits have not yet materialized: No such situation exists.

(IV) Up to the end of the previous quarter before the annual report printing, regarding the execution status of the fund utilization plan for each previous issuance of securities and its comparison with the original expected benefits: No such situation exists.

FIVE. Overview of Business Activities

I. Description of Business

(I) Scope of Business:

1. Major business operations

KKCompany is Asia's leading AI multimedia technologies Business, aiming to become a leader in the field of software services. The Company originated from KKBOX, the world's first legally authorized music streaming service, which made online music listening accessible to the public during the 3G era. With the expansion of bandwidth in the 4G era, online transmission was no longer limited to music. Consequently, KKCompany developed its proprietary video streaming technology, becoming a leading video streaming solutions provider in Japan and bringing the company's streaming technology to the world. Moving into the 5G era and recognizing shifts in the Internet of Things and human-to-computer communication, KKCompany seized these opportunities, continually refining its streaming, big data, cloud expertise, and algorithms for AI applications such as search, recommendation, and prediction based on user data, establishing itself as a premier AI multimedia technologies Business across Asia.

The Group's main business operations are categorized into three major segments: music streaming, multimedia technologies (video streaming), and digital business solutions. Its proprietary brands include the music streaming platform KKBOX, the end-to-end multimedia solution BlendVision, and the cloud and AI/ML solutions consultant Going Cloud.

2. Revenue Breakdown

Unit: NT\$'000; %

| Year Department | 2022 | | 2023 | |
|----------------------------|------------------|---------------|------------------|---------------|
| | Amount | % | Amount | % |
| Music Streaming | 2,305,235 | 78.43 | 2,182,050 | 73.52 |
| Multimedia Technologies | 615,667 | 20.94 | 714,089 | 24.06 |
| Digital Business Solutions | 18,497 | 0.63 | 71,903 | 2.42 |
| Total | 2,939,399 | 100.00 | 2,968,042 | 100.00 |

3. Current Product Offering & New Product Development:

Music Streaming Business

In 2005, the Company launched KKBOX, the world's first legal music streaming service, becoming a pioneer and leader in Taiwan's music streaming service market. Since its launching, KKBOX has continuously evolved its features, managed peripheral intellectual properties, and maintained long-term stable cooperation with regional strategic partners. Currently, KKBOX holds a leading position in the music streaming service market in both Taiwan and Hong Kong. It has also successfully expanded to Singapore, Malaysia, and Japan, making it one of the most influential music streaming platforms in Asia.

Building on its operational experience and technology of KKBOX, KKCompany began offering high-standard music streaming products to Japanese corporate clients in 2013. These services are operated by KKCompany and directly marketed to Japanese consumers through Japanese telecommunications channels. Today, it is one of the most representative domestic music streaming brands in Japan and holds the second-largest market share in the Japanese music streaming service market.

Since then, the music streaming business Group has begun offering two types of product lines: B2C (Business to Consumer, a business model directly targeting end music consumers) and B2B (Business to Business, assisting companies in creating music streaming services). Both have achieved excellent results in their target markets and channels. Below is a more detailed explanation of these two business models:

(1) KKBOX (B2C Proprietary Brand)

KKBOX is renowned in the market for having "the most comprehensive Mandarin music product." Due to its long-term involvement in the Mandarin music industry, KKBOX has secured the most licenses from content providers (record companies, copyright companies, lyric and composition copyright associations) to offer consumers the most complete Mandarin music experience. The current library has accumulated over 100 million songs. In addition to standard quality streaming (320K, standard streaming quality), KKBOX became

the first local platform to launch Hi-Res high-quality service in 2021 (up to 24 bits, surpassing CD quality of 16 bits), making it the most enjoyed high-quality music streaming service by music enthusiasts in Taiwan.

KKBOX product features include:

| Product Features | Description |
|--------------------------------------|--|
| KKBOX Lossless Audio | KKBOX provides 16-bit CD quality (Hi-Fi quality) and supports up to 24-bit/192kHz Hi-Res quality for users to enjoy a more vivid, three-dimensional, and expansive music experience. This allows users to better appreciate the excellent soundstage of low, mid, and high frequencies brought by music. The higher the sampling rate, the more accurately the music details are preserved, enhancing the overall listening experience. KKBOX boasts a rich library of over 40 million lossless tracks, including Mandarin, Western, Japanese, and Korean music, allowing users to explore countless wonderful songs. |
| Dynamic Lyrics | Based on user-submitted dynamic lyrics data (lyrics text + timestamps), KKBOX updates the lyrics of approximately 1,200 popular songs daily, providing users with a real-time viewing experience as they listen and sing along. |
| Listen With Feature | Inspired by radio programs and enhanced with real-time interaction, the KKBOX Listen With feature allows all users, including artists and celebrities, to become DJs as "Listen with Hosts." In addition to playing songs for other users, hosts can also interact with users through real-time voice or text messages. The Listen With service uses Socket I/O push technology to achieve message sending and receiving between users, and Server Hosted methods to transmit information through command-based operations. Listen With currently supports over 15,000 users online simultaneously, attracting many celebrities to regularly host sessions. This feature breaks the one-way communication of traditional music streaming products, turning the product into a voice-based social community platform. |
| Personalized Recommendations | Based on the vast amount of data accumulated over nearly twenty years of operation, KKBOX uses advanced machine learning and artificial intelligence technologies to analyze users' music preferences, playback records, and social interactions. It also attempts to identify the uniqueness of music genres through audio features and incorporates primary category classifications to teach the model to recognize genres. Ultimately, this provides each user with personalized music recommendations. Regardless of the type of music they prefer, KKBOX can recommend the most relevant new songs, artists, and playlists based on their preferences, allowing users to continuously discover new musical treasures. |
| Mood Playlists | Users' song listening needs have evolved from focusing on charts and hit songs to now being more situation-driven. They now desire accurate song recommendations for various listening contexts. KKBOX, using user data, song interpretation systems, and the judgment of professional music editors, has created thousands of situational playlists. Whatever situation users can think of, KKBOX can almost always provide a corresponding playlist. |
| KKBOX Podcast and Podcast with Music | In recent years, podcasts have become a major trend. In 2021, KKBOX launched its podcast feature and later collaborated with Taiwanese startup Firstory (a podcast hosting platform) to introduce Taiwan's exclusive Podcast + Music feature. This breakthrough overcomes the copyright restrictions that typically prevent music from being played in podcasts, opening up new possibilities for podcast content. |

(2) Enterprise Streaming Platform Services (B2B)

Starting in 2013, the music streaming business began providing Japanese corporate clients with the technology and operation behind music streaming platforms. Now, there is a modular music streaming

product that offers integrated brand OEM services for corporate clients. The service range includes developing music libraries, product interfaces, players, membership systems, payment/billing systems, smart speaker integration, and even customized marketing, copyright licensing, and management services.

Among these, the most representative is the end-to-end integrated service provided for the Japanese brand Uta Pass (officially renamed Smart Pass Music in October 2023). From obtaining record Company licenses to product development and operation, and even customer service systems, the Taiwanese team offers comprehensive services to their Japanese strategic partners. This service has over a million paid users in Japan and, due to local market demands, has developed different product lines from KKBOX, including “basic on-demand” and “partial on-demand” plans, with monthly fees ranging from 330 to 980 yen.

The music streaming platform services provided to corporate clients are based on the underlying KKBOX product, with features and functions similar to KKBOX. However, the product can be adjusted according to the characteristics of the target market, including recommendation mechanisms, playlist presentation, and even song availability mechanisms. These adjustments ensure the product and services are tailored to better meet the needs of the target user Group.

Multimedia Technologies Business

At the end of 2015, the Group officially established the multimedia technologies business, focusing on providing video streaming and related auxiliary technologies and services. It builds industry-leading systems for video streaming platforms, laying a solid foundation to ensure a reliable, high-quality, and uninterrupted streaming experience, and has expanded into the Japanese market.

Successfully securing multiple high-spec project orders from large Japanese corporations, the Group has assisted Japanese corporate clients in managing over a million subscription members. Key projects include:

- Assisting a major Japanese telecommunications Company with the technical transformation of its video streaming platform, enabling

it to become a benchmark streaming service provider and supporting diverse business models.

- Seamlessly integrating plans across devices for a major Japanese broadband provider, transforming the television from merely a playback medium into a gateway for users to consume digital content.
- Helping a filmmaker Company expand its business scope from paid channels to OTT services, enabling local services to offer various subscription plans such as IP Linear or live on-demand videos, significantly enhancing customer loyalty and unlocking more business model possibilities.

The Multimedia Technologies Business's extensive technical experience and operational expertise accumulated in Japan have established the Group as a leader in the Japanese video streaming market.

Leveraging its high-spec technology, extensive experience, and precise understanding of customer needs, the Group launched its proprietary brand BlendVision in 2019. In 2023, it officially introduced an integrated cloud-based solution aimed at providing high-value, intelligent, multimedia cloud information solutions for enterprises and developers. Through BlendVision products, clients can convert video files into formats suitable for online platforms, significantly improving conversion efficiency and reducing operational costs through AI technology. Additionally, with ultra-low latency live streaming technology, clients can host ultra-high definition 4K live streaming events. BlendVision also supports various devices and business models (such as subscription video on demand (SVOD), transactional video on demand (TVOD), and ad-supported video on demand (AVOD)), offered clients opportunities for viewership and revenue growth. Functionally, BlendVision can centrally manage large volumes of multimedia files, combined with a comprehensive Digital Rights Management (DRM) mechanism to encrypt content and prevent illegal copying, ensuring clients can securely deliver videos to every playback device worldwide. Clients can also choose the service modules they need to subscribe to, including an AI-powered real-time recommendation system, server-side ad insertion (SSAI) technology, and a virtual multichannel video

programming distributor (vMVPD) platform, for both linear and on-demand content distribution, to meet practical needs.

BlendVision's product and service types are mainly categorized into three types:

(1) BlendVision AiSK

BlendVision AiSK is a Smart Knowledge Portal that uses AI to assist users in analyzing and interpreting big data. It integrates and provides answers to queries in a conversational format from unique information sources, including text, images, audio, and video. It also offers personalized content discovery and information recommendation services. In the future, it can be developed into a digital multi-data platform, capable of automatically generating content.

(2) BlendVision ONE (No-Code Solution)

BlendVision ONE, a subscription-based streaming technology service launched as SaaS, offers three main features: real-time live streaming, intelligent video encoding, and on-demand video hosting. Users can instantly enjoy world-leading multimedia streaming technology, simply by logging into their accounts.

(3) BlendVision for Developers (Video Streaming PaaS Service)

BlendVision for Developers provides the necessary PaaS (Platform as a Service) for video streaming development, assisting large corporate clients with technical and development capabilities to select the modules and solutions they need. This allows them to more quickly and efficiently create products that meet their requirements and serve their end users.

In addition to entertainment and media applications, BlendVision can also meet various video transmission needs across industries. These include online meetings, corporate training, hybrid online and offline events or exhibitions, sports streaming, game streaming, and corporate needs such as investor meetings and online forums.

Digital Business Solutions Business

The Digital Business Solutions Business was established in 2022, leveraging the Group's years of experience in Music Streaming and Multimedia Technologies Business, cloud, digital transformation, and AI technology development. The Digital Business Group currently focuses on two main areas: 1. Cloud Infrastructure & Consulting Services 2. Big Data and Artificial Intelligence Solutions

1. Cloud Infrastructure & Consulting Services

Leveraging the Group's extensive experience in cloud management and technology development, combined with public cloud ecosystem resources, the Digital Solutions Business Group assists clients across various industries in planning and building the most suitable cloud system architecture. Additionally, the Group's robust technical capabilities help clients solve all cloud-related operational and management issues, providing cloud technology consulting services or system integration (SI) services, positioning itself as the best technical partner for corporate clients on their digital transformation journey.

2. Big Data and Artificial Intelligence Solutions

With the increasing demand for AI integration in products and services across industries, the Digital Solutions Business Group brings together a professional team with rich development experience and expertise in various technical modules. By integrating various tools and cloud ecosystem modules, it creates vertical AI solutions tailored to different industries. These include deeply integrated enterprise applications such as chatbots, AI drawing tools, and AI-powered search engines and recommendation systems, helping corporate clients achieve digital transformation through artificial intelligence. In the future, the Digital Business Solution Group will continue to combine cloud infrastructure, big data/AI expertise, and public cloud resources to explore more possibilities for AI module and industry solution integration.

(II) Industry Overview

1. Current Status and Development of the Industry

Music Streaming Business

Music streaming services first appeared in the early 2000s. With the proliferation of the internet and improved efficiency in content distribution, the difficulty for audiences to access music content significantly decreased. However, the lack of a robust regulatory environment led to rampant music piracy, causing a sharp decline in the global music industry's revenue. By the mid-2010s, as copyright licensing systems became more established and user awareness of paid services increased, subscription-based services emerged as a consumption trend. The introduction of more mature music streaming products officially positioned music streaming services as a driving force for growth in the global music industry. From 2018 to 2022, the global music streaming service market grew at a high annual rate of 17%, helping to reignite growth in the declining global music industry. The industry is estimated to maintain an annual growth rate of about 7% over the next five years. According to the International Federation of the Phonographic Industry (IFPI) annual music industry report, as of 2022, 67% of the global music industry's revenue came from music streaming services, a significant increase compared to nearly half of the industry's revenue five years ago.

From a regional perspective, North America and Europe are relatively mature markets for music streaming services, accounting for nearly 69% of global music streaming revenue. The Asian music streaming market has shown rapid growth in recent years, with an annual double-digit compound growth rate from 2020 to 2022. Japan, in particular, has emerged as one of the key markets in the global music streaming industry. The large population base, combined with the rapidly increasing internet penetration rate and smartphone adoption rate, has led more and more Asian users to turn to music streaming services to access, share, and pursue a more convenient and personalized music experience through digital music platforms and their streaming services.

Returning to the domestic market, Taiwan's music streaming market is relatively mature. According to PWC's Taiwan Entertainment and Media Outlook, 83% of recorded music revenue in Taiwan comes from music streaming services. PWC also estimates that by 2026, Taiwan's music

streaming service market will maintain an annual growth rate of 7%, reaching approximately \$184 million in revenue, which is comparable to the global average growth rate for music streaming services. Despite the steady growth in Taiwan's music streaming service market, the industry is highly competitive, leading to the exit of several local and international players. For example, Japan's Line Music announced its withdrawal from Taiwan in August 2022, and Far EasTone's music streaming value-added service, Friday Music, ended operations in March 2023. As of today, the Taiwanese music streaming market has evolved from a highly competitive landscape to a survival of the fittest. KKBOX, as the leading local brand, continues to compete with services launched by international giants such as Spotify and Apple Music.

However, in reality, only 50% of global music consumption comes from music streaming services. Modern methods of accessing music content also include social media, short videos, videos, radio, and even live streaming. As the public's consumption of entertainment content becomes more segmented, the future challenge for centralized music streaming services will be their ability to continuously attract new users and maintain the engagement of existing users. Due to the competitive nature of the music streaming industry, many providers are constantly exploring ways to increase revenue by introducing new features or expanding into new markets. For example, Spotify has focused on podcasts and audiobooks in recent years, while KKBOX has partnered with Taiwanese startup Firstory to launch dynamic podcast advertising. Additionally, there are cross-industry alliances, where music streaming service providers transform into technology suppliers to assist Groups or tech giants interested in creating their own entertainment ecosystems. These efforts aim to reduce customer acquisition pressure and adapt to the new competitive landscape.

Multimedia Technologies Business

Over the past decade, with the internet reaching every corner of the world and continuous advancements in cloud infrastructure and connection speeds, videos have evolved from being purely an entertainment experience to becoming the most effective medium for conveying ideas, building brands, promoting products, and resonating with audiences. Capturing consumer

attention online has become a crucial skill for every successful business. Among various forms of content, videos have emerged as the primary method for engaging audiences. According to a 2018 HubSpot survey, 54% of consumers want to see more video content from the brands or businesses they support. Indeed, in contemporary corporate communication strategies, 70% of companies primarily choose video as their main marketing tool. Using video as a medium, businesses can achieve ten times higher user interaction compared to traditional methods. Additionally, viewers retain nearly 90% of video content compared to reading text, making video nine times more efficient than traditional text-based communication.

The COVID-19 pandemic significantly boosted the growth of the video streaming industry. With global remote work and stay-at-home policies, more consumers turned to video streaming services as their primary source of entertainment and leisure. Additionally, the trends of remote work and online learning have transformed the operational models of the business and education sectors, driving the development of new types of video streaming services, and leading to advancements and expansion in video streaming technology. According to recent research statistics, video streaming accounted for 82% of global internet traffic in 2022. Even as pandemic restrictions gradually ease, the growth of video streaming has not slowed down. The rise of video-on-demand, short videos, interactive videos, and various corporate video needs, including educational videos and shopping videos, highlights the importance and influence of video streaming in contemporary society. Statistics indicate that the demand for video-on-demand and corporate video streaming will continue to grow at a compound annual growth rate of 9% over the next five years. Moreover, future developments in virtual reality and autonomous vehicles will further elevate the demand for video streaming to new heights.

However, for most companies, creating and broadcasting high-quality videos remains challenging. There are many reasons for this, including insufficient professional skills among production personnel, budget constraints, time pressure, and the inefficiency of post-production editing collaboration and communication. Additionally, as the video streaming market expands and consumer demands diversify, the ability to collect, analyze, and predict data

related to video streaming becomes increasingly crucial. Companies need to deeply understand consumer behavior and market trends, optimize internal operations, and improve operational efficiency to enhance user experience quickly. These challenges highlight the need for one-stop video solutions that can improve video production, streaming efficiency, quality refinement, and content protection functions. These aspects are critical for modern video streaming clients.

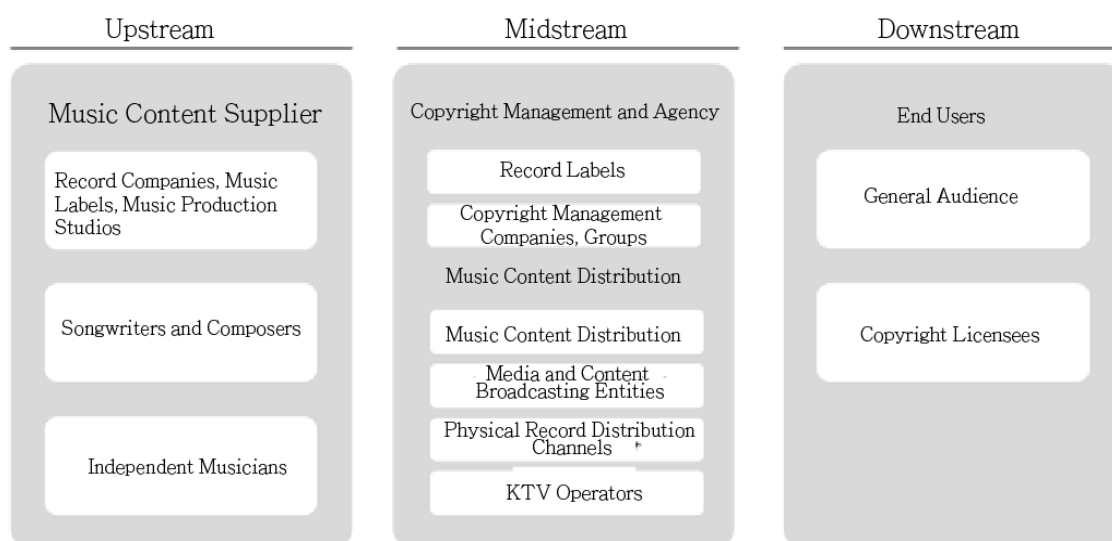
Digital Business Solutions Business

In the past, on-premises computing, which processes data closer to the user to provide higher efficiency and reduce latency, was the primary focus for businesses. However, on-premises operations require substantial capital investment in hardware procurement and maintenance. With the rapid development of software services and the surge in demand for online hosting, the cloud industry has flourished, and related cloud service applications are evolving rapidly. Public cloud service providers offer various cloud technology support through the internet, including servers, storage, big data, software, analytics, and AI. These services provide businesses with faster innovation and more flexible resources, helping clients achieve economies of scale. Additionally, they bring new possibilities for digital transformation, shifting from simply adopting new technologies to fully rebuilding processes, tools, and experiences in a remote virtual environment. Consequently, companies are now integrating cloud technology into their ecosystems, further driving the growth of cloud services.

Reflecting on the development of the Taiwanese market over the past few years, cloud service providers have essentially mastered cloud infrastructure technology, platform operation, and maintenance capabilities. However, as companies undergo digital transformation and gradually enter the AI domain, client demands have evolved beyond just cloud migration and hosting. There is now a greater need for big data analytics, artificial intelligence, and machine learning. This shift means that migrating data to the cloud can create more value for businesses.

- i. The Relationship Among Upstream, Midstream, and Downstream in the Industry

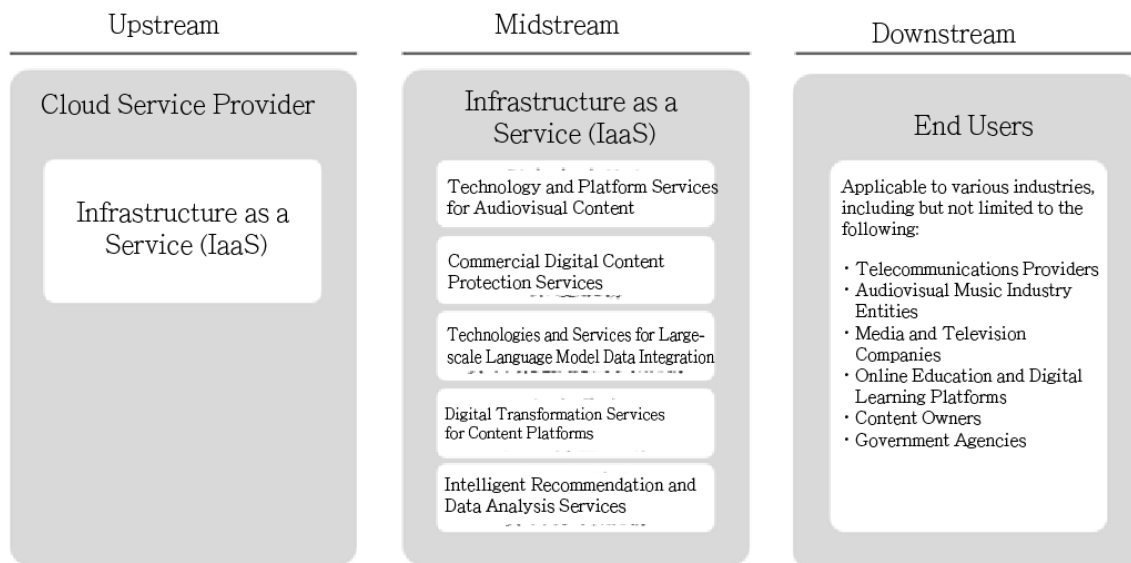
Music Streaming Business



With the widespread advancement of the internet, smartphones, and digital streaming technology, consumers have completely changed the way they access and listen to music. Subscription streaming revenue and copyright-sharing income generated from music playback on digital music platforms have become major growth drivers in the entire music industry. In today's technologically advanced era, the music streaming services provided by digital music platforms are not merely a medium for distributing music content, but also a venue for value exchange, closely connecting the supply and demand sides of the pop music industry. This connection forms the foundation for the music streaming business Group and the entire Group to establish and amplify more value. Below is a brief explanation of the relationship between the upstream and downstream sectors in the industry:

At the upstream end, record companies, independent musicians, and songwriters continuously provide high-quality music content and entrust the music copyright to rights management/agency units for subsequent licensing and profit-making purposes. Once fully authorized, various distribution channels such as digital music platforms, various types of media, and KTV operators will broadcast content according to the authorized conditions, delivering the music content to the end users, i.e., the general audience.

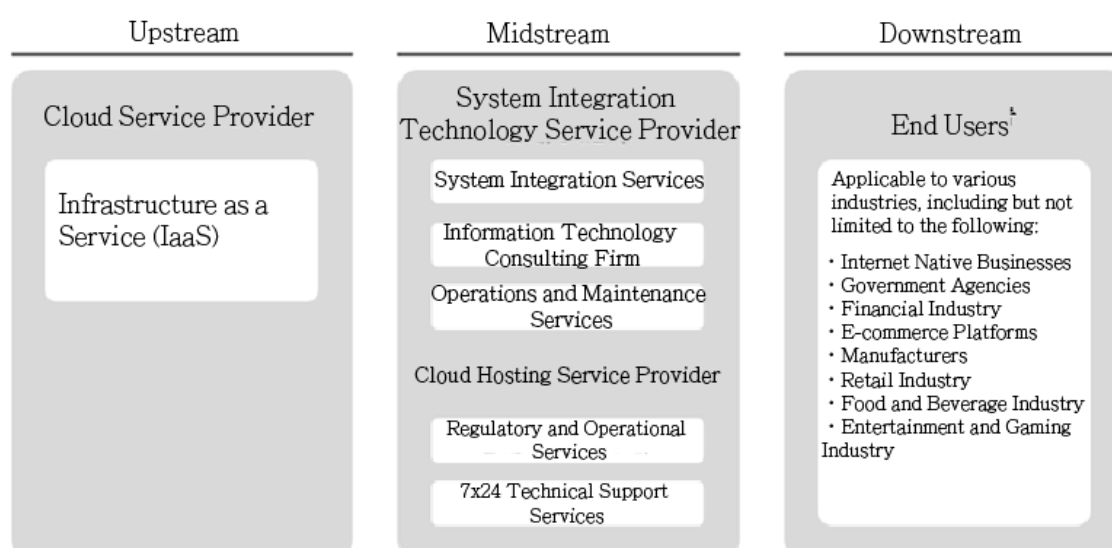
Multimedia Technologies Business



Looking at the entire video streaming industry, most people only perceive the video content. However, to efficiently and clearly deliver videos to consumers, various industries using video streaming services rely on platforms or suppliers that provide technical solutions. In the video streaming industry, upstream technology solution platforms or suppliers need to establish close partnerships with top cloud service providers such as Amazon's AWS, Microsoft's Azure, or Google's GCP. By securing cost-effective cloud resources, they can develop asset-light, fully cloud-based products.

Once cloud usage and stability are ensured, the technology solution platforms or suppliers, positioned in the midstream, receive streaming requests from various downstream industries, including telecommunications, digital media, tutoring services, online entertainment, and government agencies. These clients have diverse needs and goals, but all seek an efficient, seamless, multimedia streaming experience. By centralizing and integrating various aspects of multimedia management, technology solution providers help downstream clients optimize processes, enhance content delivery, and drive business growth. Therefore, these technology solution platforms or suppliers are not merely underlying technology providers, but strategic partners for the downstream industries, working collaboratively with clients to foster mutual growth.

Digital Business Solutions Business



The Digital Business Solution Business is dedicated to providing customers with comprehensive and customized cloud solutions. By combining a variety of top-tier information product agencies and system integration technologies, it meets the needs of various industries. In addition to this, the Digital Business Solutions Business also offers professional cloud hosting services, which facilitate close cooperative relationships with clients and enhance the operational efficiency of their businesses.

Built entirely on a cloud foundation, whether it's integrated services or managed hosting, service providers in the industry must maintain close collaborations with cloud service providers such as AWS, Azure, and GCP, and ensure sufficient cloud capacity and quality. The ultimate end-users come from a diverse range of industries, including retail, e-commerce, web-native industries, food and beverage, manufacturing, and gaming. Positioned in the midstream, the Digital Business Solutions Business tailors digital solutions for each industry based on its unique characteristics and needs, helping them enhance efficiency and competitiveness in their digital transformation efforts more rapidly and effectively.

(II) Development and Competitive Edge in Products

Music Streaming Business

As described in the current state and development section of the same industry, with the robust growth of streaming and cloud technologies, competition in the music streaming product market has become intense. Generally, music

streaming products with higher market shares each have their own ecosystems and compete in the market through free trials, ecosystem bundle sales, and various discounts. However, based on many years of experience operating in the music streaming industry, our music streaming brand, KKBOX, maintains its competitiveness in the market and keeps the average monthly churn rate of its users at a lower level through the following strategies:

- (1) Flexible Channel Strategy: By forming business partnerships with major telecommunications operators and brand owners, KKBOX is not limited to reaching only the digital-native generation but can access various age Groups and demographics. Additionally, through the channel's sales plans, KKBOX users tend to have longer paid subscription periods compared to competitors, providing greater stability and reducing the likelihood of churn.
- (2) Focused Development of High-Quality Streaming Services: Noting the demand for lossless audio quality among users, KKBOX launched Taiwan's first Hi-Fi lossless audio streaming service in 2020, providing users who have higher sound quality requirements with precise audio experiences. Subsequently, KKBOX introduced the high-resolution audio format "Hi-Res", and supported the top-tier music streaming software Roon, becoming Roon's first music streaming service partner in Asia. This allows music enthusiasts to conveniently experience the purest and most authentic original sound, making it unique in Taiwan.
- (3) KKBOX Exclusive Features: In addition to basic music playback, based on user feedback, KKBOX has launched features including Listen With, radio, and Podcast with Music. These options offer diverse modes of engaging with music. By featuring human-curated introductions, these features add depth to the presentation of songs, enhancing users' understanding and appreciation beyond what algorithms alone can offer.

- (4) Managing Exclusive Mandarin Content and IP: Beyond product features, KKBOX's long-term investment in exclusive Mandarin content and intellectual property is a powerful asset that solidifies its position in the music streaming market. The most representative of these is the KKBOX Music Awards, which has been held for 18 editions and attracts countless music fans each year, boasting significant renown in the Asian Mandarin music scene. KKBOX's management of music communities, production of original programs, and initiatives like the Trending New Voice Awards, which spotlight emerging talents, all wield substantial influence in the music industry.

Additionally, as the operator of the world's first legal music streaming service, our Group has refined a set of operational and management models for music streaming platform services and the necessary modules for operating various music streaming products during the ongoing iteration of the KKBOX product. While in today's era of mature cloud and open-source technologies, creating an app that plays music is not particularly challenging, but launching a legal music streaming service requires attention to many details. These include copyright settlements, financial transaction integration, content encryption, device compatibility considerations, and off-line playback capabilities, all of which are essential to develop a music streaming product that can serve millions of users.

Leveraging nearly two decades of operational experience across multiple countries, our Group's music streaming business has proven its capability to serve over twenty million registered members, accumulating vast amounts of listening data from over ten million people. This extensive data continuously trains our big data analysis capabilities, enhancing the platform's search, recommendation, and prediction functions. Furthermore, looking across Asia, our Group's music streaming business is among the few that can offer a complete set of music streaming product modules. We have deconstructed past proprietary products and those developed for clients into modular components. These include an AI song recommendation system, multi-device support music players, intelligent song conversion systems, commercial digital rights management (DRM) protection mechanisms, automated royalty settlement systems, playlist page management backend systems, personalized

theme panels, and anti-chart manipulation mechanisms. These modules allow corporate clients the flexibility to choose and combine them through APIs for integration and management, thereby providing end-to-end music streaming products that best fit the local market needs.

Multimedia Technologies Business

The COVID-19 pandemic in recent years has restricted physical events, creating a variety of online streaming and live broadcasting applications, making video streaming no longer just synonymous with the entertainment media industry. Modern finance, technology, education, and even traditional industries have begun using multimedia streaming technology for comprehensive communication. After the establishment of the Multimedia Technologies Business, it has provided various streaming technology solutions for industries such as domestic and international telecommunications, media, online performance ticketing, online course platforms, and home fitness. The Group has mastered the nuances required by different streaming applications for different industry characteristics, adapted to industry digital rights management (DRM) standards, and ultimately summarized the most favored applications by clients, launching a comprehensive solution set, BlendVision, to meet various types of streaming and live broadcasting needs. The main competitive advantages of BlendVision include:

- (1) **User-Friendly Platform:** The BlendVision platform interface is designed to be intuitive, allowing customers with minimal industry-specific knowledge to easily get started. Additionally, keeping pace with the no-code development trend, BlendVision also offers no-code customization options for web pages. This feature allows customers without technical expertise to easily create and define their own video players and websites, facilitating a more accessible and tailored streaming experience.
- (2) **High-Level Intellectual Property Protection:** BlendVision offers comprehensive intellectual property protection solutions, including digital rights management (DRM), video watermarking, and options for domain and geographic restrictions and controls. These features ensure that clients' videos or digital content are safeguarded against unauthorized use.

- (3) **Cost-Effective and Flexible Pricing:** Reflecting the diverse streaming needs of various industries, BlendVision provides clients with multiple and flexible pricing plans and packages. This approach allows for the expansion of different user demographics and gives businesses more flexibility and rapid options for application and deployment.
- (4) **Smart Adaptive Bit Rate (Smart ABR):** BlendVision's Smart ABR feature automatically adjusts video quality based on the user's internet connection speed. This ensures a smooth, uninterrupted viewing experience for the audience, maintaining consistent playback quality tailored to each viewer's current network conditions.
- (5) **Live to Video on Demand (Live2VOD):** BlendVision's Live2VOD feature allows users to effortlessly convert live streams into video-on-demand assets. This provides a more comprehensive video solution for users, enhancing opportunities for content monetization by making live content readily accessible for later viewing.
- (6) **Voting and Chat Rooms:** Interactive features are among the most desired functionalities requested by industry clients. In response, BlendVision has developed voting and chat room features that allow clients to interact with their audience in real time during live broadcasts. This enhances the streaming experience for both viewers and content creators, fostering greater engagement and interaction.

Digital Business Solutions Business

The Digital Business Solutions Business was initially founded on the Group's experience with big data analysis for its own brand, KKBOX, and collaborative development of the recommendation engine with the Multimedia Technologies Business Group. The Group has handled various technical projects involving content management and digital cloud technologies, culminating in the launch of the current Digital Business Solutions Business. In 2022, the Group officially became a sales partner for AWS, and in 2023, it joined Microsoft's Unicorn Initiative as a strategic partner, marking a significant role transformation within the cloud intelligence industry. Unlike other public cloud resellers or service providers, our Group has nearly two decades of successful integration and management experience with public clouds. This expertise allows us to quickly understand

customer needs and tailor solutions more efficiently while acting as a cloud reseller. Additionally, as a systems integrator, supplemented by public cloud ecosystem resources, we can provide a wider range of technical services and integration solutions than traditional systems integrators.

(III) Technology and R&D Overview

1. Technical Levels and Research Development of Business Operations

As the demand for video and audio streaming technology solutions continues to rise across all sectors, our Group will maintain a focus on developing cutting-edge technologies related to audiovisual streaming. This includes the development of next-generation video compression formats, ultra-high-resolution video production, intelligent color restoration, real-time quality enhancement for playback devices, and ultra-low bitrate free viewpoint live broadcasting. These innovations are expected to further accelerate the adoption of high-quality audiovisual streaming in various application scenarios. As outlined in the future R&D plans and projected R&D expenditure sections, our Group is also actively expanding the application scenarios of artificial intelligence in audiovisual streaming and multimedia technology products. This includes the automatic generation of video content and personalized video channels, automatic tagging of film content and scenarios, automatic chapter classification, and key video clip editing. These advancements aim to enhance the integration of multimedia technology with artificial intelligence applications.

In addition to continuously enhancing the core technologies in audiovisual entertainment and multimedia technology, in the era of the Internet of Things, our Group will actively invest more research and development energy into AI-driven cloud and computing technologies. This effort aims to accelerate the implementation of AI in a broader array of fields, such as new retail and Industry 4.0, helping more enterprises effectively address the pain points of digital transformation. Moreover, as the development of AI chips becomes more mature, our Group has also begun exploring the various possibilities of integrating existing leading audiovisual entertainment technologies with related hardware. By leveraging Taiwan's mature semiconductor and electronics industry chain, we anticipate developing unique integrated software and hardware solutions to collectively enhance our competitive

edge.

2. Distribution of Research and Development Personnel and Their Educational and Professional Backgrounds

Unit: person

| Annual academic qualifications | 2022 | 2023 |
|--------------------------------|------|------|
| Master's degree or above | 54 | 110 |
| Bachelors | 61 | 103 |
| Below junior high | 1 | 1 |
| Total | 116 | 214 |

3. R&D Expenditure for the Last Two Fiscal Years

Unit: NT\$'000

| Annual project | 2022 | 2023 |
|------------------------------------|-----------|-----------|
| R&D Expense | 284,311 | 372,191 |
| Operating revenue | 2,939,399 | 2,968,042 |
| Proportion of operating income (%) | 10% | 13% |

4. Technologies or Products Successfully Developed in the Last Five Years

| Date | Product | Description |
|------|------------------------------------|--|
| 2018 | Per-Title Encoding (PTE) | The present disclosure provides a bitrate optimization method that gets the smallest bitrate while keeping the same good quality per content by analyzing a spatial complexity and a time complexity of the video to evaluate a perception of the human eye through a specific vision evaluating formula. The technology can effectively save big bandwidth and improve the playback experience (low startup delay and low buffering ratio) without sacrificing viewing quality. |
| | Personalized Recommendation Engine | Based on users' viewing and listening data, this engine employs machine learning to deeply analyze consumers' preferences and behaviors, further predicting content they might be interested in. Through this engine, the click-through rate for music or videos can be increased at least two times. |
| 2019 | Perceptual Streaming Engine (PSE) | The present disclosure provides a video optimization processing system that includes a server and a user device. The server compresses a first video to generate a second video and a third video, so as to compare the third video and the second video to generate difference information, and the server calculates, according to the difference information, at least one enhancement parameter and at least one image enhancement algorithm. The user device executes the video playing software and receives the third |

| Date | Product | Description |
|------|---|--|
| | | video, the at least one image enhancement algorithm and the at least one enhancement parameter from the server. The video playing software restores the third video to generate the fourth video based on the at least one image enhancement algorithm and the at least one enhancement parameter, thereby playing the fourth video. |
| | Streaming Technology Service BlendVision | We assist clients in building high-quality video and audio platforms more quickly and efficiently. Our services not only include AI-powered real-time recommendation systems, Server-Side Ad Insertion (SSAI) technology, and premium Service Level Agreement (SLA) guarantees, but also provide a virtual Multichannel Video Programming Distributor (vMVPD) platform for linear and on-demand content distribution. BlendVision for OTT allows clients to generate revenue through various monetization methods, including Subscription Video on Demand (SVOD), Transactional Video on Demand (TVOD), Advertising-supported Video on Demand (AVOD), and flexible bundling sales strategies. Whether viewers are watching on mobile devices or TV screens, this presents opportunities for clients to attract viewership and increase revenue. |
| 2020 | Hi-Fi Lossless Audio Service | 16-bit CD Quality |
| 2021 | Free-View Streaming | The disclosure relates to methods, apparatuses, and systems of providing livestream services involving multiple camera angles. A video streaming system may provide a client with a data stream that allows for viewing the video streaming from any of the multiple cameras at the client's choosing. The video streaming system may first access image data from the multiple cameras. Image data from the multiple cameras taken at a single instance in time may be "stitched" together into a single array of image data to form an "image wall." The image wall may be compressed to be substantially smaller than the sum of their individual compressed images. A stream of image walls may be generated and transmitted to a client device. Metadata including mapping information enables the client to locate a chosen camera angle to view and switch to any camera angle viewing of the same video stream at the client's choosing. |
| | Podcast Function and Podcast with Music | In recent years, podcasts have become a major trend. In 2021, KKBOX launched its podcast feature and later collaborated with Taiwanese startup Firstory (a podcast software service platform) to introduce Taiwan's exclusive Podcast + Music feature. This breakthrough overcomes the copyright restrictions that typically prevent music from being played in podcasts, opening new possibilities for podcast content. |
| | Hi-Res (High-Resolution) Lossless Audio Service | This service supports up to 24bit/192kHz Hi-Res audio quality, offering users a crisper, more three-dimensional, and expansive musical experience. It enhances the perception of low, mid, and |

| Date | Product | Description |
|------|--|---|
| | | high frequencies, providing an excellent soundstage. The higher sampling rates preserve more details of the music, significantly enhancing the depth and quality of the listener's audio experience. |
| 2022 | "DAI Dynamic Ad Insertion" Revenue Sharing Mechanism | In collaboration with the podcast hosting platform Firstory, the "Dynamic Ad Insertion" (DAI) feature was launched to provide a more flexible monetization mechanism. This feature assists creators in earning revenue and sustaining content creation. |
| | Ultra Low Latency Live | Ultra Low Latency Live is an advanced streaming technology that significantly reduces delay times to under 3 seconds, far below those of traditional live streaming platforms. This technology is especially suitable for various real-time interactions such as sports events, gaming broadcasts, or online auctions, where every millisecond counts and participants or viewers demand an immediate experience. Additionally, incorporating Digital Rights Management (DRM) ensures that the content is protected against unauthorized alterations or theft during transmission. This technology provides a secure broadcasting environment for creators and copyright holders, safeguarding their content effectively. |
| 2023 | Streaming Technology Service BlendVision One | This service allows users to convert audio and video files into formats suitable for online platforms, significantly enhancing conversion efficiency and reducing operational costs through AI technology. Additionally, it utilizes ultra-low latency live streaming technology to host ultra-high definition 4K global live events, ensuring that viewers anywhere can enjoy the highest quality streaming experience. BlendVision One also manages a large volume of multimedia files and incorporates a comprehensive digital rights management system to encrypt content and prevent unauthorized copying, securely delivering videos to playback devices worldwide. |
| | Clickstream Website Click Analysis | Clickstream is a web click analysis effectiveness tool developed by the Digital Business Solutions Business, which collects users' web browsing history and user information to assist clients in analyzing the effectiveness of their websites. It serves as a basis for optimizing website content and structure and provides a visual interface for interpreting data as a strategic basis. It also creates a monetization cycle for clients. Clickstream services include user behavior analysis, user profile analysis, and data analysis to facilitate business decision-making. |
| | Generative AI Solutions | AI Text-to-Image/Image-to-Image: We integrate Stable Diffusion into the AWS cloud system to convert text into images or images into graphics. This can be applied in scenarios such as automatically generating image content or visualizing data. AI Chatbot: We build chatbots for clients, integrating AWS and Azure AI services, deployed on the client's cloud architecture. Using natural language processing and machine learning technology, these chatbots automate conversation systems, capable |

| Date | Product | Description |
|------|---------|--|
| | | <p>of answering FAQs, providing customer service, and engaging in intelligent conversations.</p> <p>AI-Powered Search Engine and Recommendation System: Our recommendation engine, leveraging machine learning and data analysis, predicts and recommends content, products, or services that individual users may be interested in. Widely used in e-commerce platforms, social media platforms, streaming platforms, and news content websites. Additionally, we combine the recommendation engine with an AI-powered search engine to provide a more comprehensive and personalized user experience. This includes personalized recommendations for search results, related content recommendations, search suggestions, personalized sorting based on user preferences, and feedback and optimization of search engine results. We also conduct data analysis on search records and provide visual dashboards for clients.</p> |

(IV) Long and Short-term Business Development Plans

Music Streaming Business

KKCompany will continue to develop the local market with our proprietary brand KKBOX and expand into vertical application scenarios:

For its proprietary brand KKBOX, the group will continue to deepen and implement local operations, enhance the influence of the brand and intellectual property (IP), and assist creators and musicians in enhancing visibility and market competitiveness through streaming platforms. The following are three ongoing development directions:

1. Brand Localization: Cultivating Relationships with Record Labels and Artists to deepen mutual relationships and engage in fan community management through the power of artists within the product to expand the user base and achieve mutual benefits.
2. Local IP Management: Operating community accounts in various languages to strengthen the core strategy of “thinking of KKBOX when thinking of music”, continuously managing IP in discovering music from the new generation and leveraging the platform’s influence to make more voices and music heard, enhancing the influence of KKBOX charts in the music market.
3. Empowering KKBOX with a Competitive Market Mechanism for Musicians: Opening certain advertising spaces and playlists for record labels to obtain resources in return, thereby increasing the visibility of

songs within the product.

Over the past two decades, the streaming product landscape has predominantly been characterized by a “full library” music model, akin to the concept of a large-scale library. However, with the increasing segmentation of listening scenarios and the overall rise in consumer power, coupled with the ongoing efforts to streamline copyright acquisition, “vertical application scenarios” in streaming products, such as software for businesses to play background music, are poised to become another main focus of KKBOX’s ongoing development.

Overseas Music Streaming Product Deployment:

Despite the ongoing overseas market expansion efforts by international streaming brands, in recent years, we have continued to receive numerous inquiries from overseas enterprises seeking licensing for music streaming products and services. We assist these enterprises in collaborating with local markets and content providers to operate localized music streaming brands. In 2023, our Group has already completed the initial development of the Smart Pass Music project in Japan (scheduled for launch in the fourth quarter of 2023) and has achieved product modularization. This enables us to provide solutions at different levels, based on various product demands, which include:

1. Full Integration Module: Membership System + Playback System + Music Library + Payment System + Royalty Reporting System + Rights Negotiation Service
2. Complete Product Offerings: Playback System + Music Library (including content) + Payment System + Royalty System + Hardware Device Integration
3. Basic Product Offerings: Playback System + Music Library (excluding content) + Hardware Device Integration

Multimedia Technologies Business

Streaming video traffic has accounted for over 80% of global internet traffic, and we believe that the streaming video industry will continue to experience rapid growth in the next three to five years. As visual data proliferates and interactions between humans and smart devices become more frequent, the accumulation of audiovisual data is expected to grow exponentially. However,

audiences are struggling to keep up with the pace of data accumulation, giving rise to new technological demands:

“How to quickly extract valuable content from visual data repositories, enhance the value of data utilization, and efficiently disseminate it to the audience” will be the key to success in the next generation of digital transformation in streaming video.

Therefore, in terms of technological development, the Multimedia Technologies Business Group will develop corresponding knowledge extraction modules and interactive interfaces to meet new demands, supplemented by AI engines and modules to enhance data value, transforming data into gold for decision-making and developing multifaceted applications. Furthermore, the ultimate goal of the Multimedia Technologies Business Group is to enable users to seamlessly convert text, images, audio, and video, unleashing the potential for personalized creative expression. To this end, the Group plans to establish BlendVision Creative Studio, a generative content creation platform based on natural language learning technology for both backend and interface. This platform aims to integrate the production and output of videos or other multimedia into a seamless creative experience for users.

Industry expansion-wise, applications beyond entertainment media will build the next wave of growth momentum for this Group. Here are the key areas the Group will focus on in the future:

1. Traditional broadcasters: The global telecommunications, television, and cable television companies are all embarking on a digital transformation journey. These traditional broadcasters are now moving towards becoming virtual multichannel video programming distributors (vMVPDs), and BlendVision is the perfect technical solution for these companies. Throughout the process of collaborating with regional enterprise clients, we deeply understand the importance of establishing strong connections in target markets and the significance of having a local business development team that is familiar with breaking through lengthy sales processes. Leveraging our strong shareholder Group, we have already established relevant connections or strategic partnerships in target regions, and we look forward to bringing more opportunities in the next three to five years

to assist in the digital transformation of these regions.

2. Education and Online Learning Management Platform: With the rise of distance and digital learning, traditional educational institutions are accelerating the migration of physical courses to the internet. Through on-demand video delivery, they directly engage students and improve content based on data analysis of video views to expand market share. Simultaneously, the service quality of Learning Management Systems (LMS) providers for existing digital learning platforms is continuously improving. Whether serving B2B or B2C digital learning platforms, competition among LMS providers is intensifying. The key to winning this competition lies in assisting LMS providers in cost-saving measures and more effectively developing video-related features. Establishing strategic partnerships with existing LMS providers will be one of BlendVision's future value propositions, and a dedicated business development team has been planned to realize this vision.
3. Sports Broadcasting: Professional sports tend to require 1080p at sub 3 sec latency, strict content protection and often multi-angle live streaming. As a leader in the industry, BlendVision is one of the few regional companies with sufficient capabilities to provide clients with a complete solution. In the future, we will actively establish partnerships with regional system integrators and expand into more underlying technical solutions for sports broadcasting.

Digital Business Solutions Business

The Digital Solutions Business Group was established in 2022. In addition to continuing the development of existing industry clients in cloud infrastructure and consulting services, the Group will leverage its experience in cloud operations and AI technology development to create customized cloud infrastructure solutions and integrated big data/AI solutions for various industry clients. Furthermore, it will explore the development of AI modules tailored to different scenarios.

II. Market and Sales Overview

(I) Market Analysis

1. Sales (Provision) Regions of Main Products (Service)

Unit: NT\$'000

| Year | | 2022 | | 2023 | |
|--------|-----------|-----------|-----------|-----------|-----------|
| Region | | Amount | Ratio (%) | Amount | Ratio (%) |
| Region | Taiwan | 1,319,685 | 44.90 | 1,321,246 | 44.52 |
| | Japan | 1,273,396 | 43.32 | 1,299,522 | 43.78 |
| | Hong Kong | 332,742 | 11.32 | 315,748 | 10.64 |
| | Others | 13,576 | 0.46 | 31,526 | 1.06 |
| Total | | 2,939,399 | 100.00 | 2,968,042 | 100.00 |

2. Market Share

The Group's music streaming brand, KKBOX, has been deeply rooted in the Taiwanese market for nearly twenty years and enjoys a significant reputation in the Mandarin music industry, positioned as a leading local music streaming brand in Taiwan. Additionally, the music streaming service has evolved over more than a decade, with its industry structure and business model having changed dramatically from ten years ago. Nowadays, consumers can also listen to Podcasts through music streaming services, and many radio stations have begun to record their own programs and upload them online, transforming these programs into Podcasts available for download and embedding advertisements. Therefore, music streaming platforms no longer solely provide music broadcasting services but have become a medium that connects music, Podcasts, and the radio industry, creating a digital audio economy. In response to these industry structural changes, the Group has actively strategized, continually improving service features and exploring new business models and strategic investments, aiming to maintain a leading position in the new face of the digital audio economy, and to inject momentum into the industry's development.

The multimedia technologies business has also been deeply established in Japan for many years, securing a market-leading position through servicing high-specification projects and products for large corporate clients. Revenue from Japan now constitutes a significant proportion of the Group's total revenue. In the future, the business plans to continue expanding its overseas operations in collaboration with the Digital Business Solutions Business,

aiming to establish a presence in the international market.

3. Demand Conditions and Growth Potential

In recent years, there has been a substantial increase in the number of songs and audiovisual productions. With the booming development of digital distribution and streaming platforms, the barriers to publishing audiovisual content have significantly decreased, leading to a surge in content availability. From independent musicians and self-media creators to large music and drama production companies, it has become easier for creators to present their works to a global audience.

This change is partly due to innovations in digital technology, which have made creation more convenient and accessible. Advances in production software and online collaboration tools have helped content creators produce higher quality work. At the same time, the way consumers access content has fundamentally changed, moving from traditional physical records or theatrical films to digital music and video streaming platforms, allowing various works to be quickly disseminated to audiences around the world.

As the digital transformation wave progresses, the demand for flexible cloud solutions has dramatically increased among businesses and institutions in entertainment media and various other industries. This trend has directly impacted the performance of public cloud providers. Leading public cloud suppliers and service providers, with their continual technological innovation, global infrastructure development, and diversified service offerings, hold a dominant position in the market and have successfully attracted numerous enterprises and institutions. Emerging public cloud providers, regional service providers, and system integrators will gradually expand their market share by focusing on specific industries, regions, or types of services. A diversified supply ecosystem will further enrich cloud intelligence and related industries, promoting competition in innovation and service diversity.

4. Competitive Advantage

The Group originated from the world's first legal music streaming brand, KKBOX. In addition to maintaining stable and effective profitability, it has also extended its operations to OEM brands and the development of customer products, accumulating nearly twenty years of experience in audiovisual entertainment technology, brand management, traffic monetization, D2C

(Direct-to-Consumer) diversified business and channel strategy layout, cloud integration, and AI application. Unlike typical technology solution providers, the Group not only possesses key technical capabilities but also has rich experience in brand development projects and operations.

The Group will continue to collect traffic from end-user products, verify each other through the technology and services in the products, and output products and services that are more in line with the business models and application fields of corporate customers. Through this combination of experience and operating strategies, we will continue to provide diverse and practical assistance and support for the digital transformation of various industries.

5. Advantages, Disadvantages, and Strategies for Addressing Future Development Vision

(1) Favorable factors

① Structural Change in Methods

The traditional music or audio-visual industry is based on the business model of selling commodities. Whether it is records, DVDs, or Blu-rays, they are all sold with commodities as the core. However, the rise of streaming media services, supplemented by the popularization of mobile phones and high-speed Internet, has significantly changed the channels for audio and video content consumption, from the buyout model (commodity) to the right-to-use (subscription service) model, changing the entire industry logic. According to statistics from the International Federation of the Phonographic Industry (IFPI), the annual growth rate of global music streaming revenue will reach 11% in 2022, and digital music consumption has accounted for nearly 70% of the overall music industry output value. Compared with five years ago, this proportion has increased by nearly 70%. As much as 20%/yr, indicating that consumers' music consumption has completely shifted from the CD era to subscription digital music service streaming. The audio and video industry has a similar trend, especially after the pandemic, consumers' acceptance of on-demand video or subscription willingness (Whether it is AVOD or SVOD), there has been a huge increase. According to statistics, by 2025, the number of video-on-demand subscription accounts will grow by at least 80% compared to 2019. The rise of video on demand has posed a huge

challenge to traditional TV companies, which have begun to operate their own video streaming services, further increasing the demand for video streaming technology.

②Cloud and digital trends

As the wave of digital transformation continues to deepen, more and more companies are recognizing the value and advantages of cloud computing and migrating their businesses to the cloud environment. This transformation not only brings improvements in efficiency and flexibility to the enterprise itself, but also injects strong vitality into the cloud industry. As the demand for enterprises to migrate to the cloud continues to increase, the cloud industry is also expanding. From basic cloud storage and computing to high-tech applications such as artificial intelligence, big data analysis, and the Internet of Things, the scope of cloud services is becoming more and more extensive. This development not only promotes technological progress, but also brings more innovation and business opportunities to related cloud smart industries.

(2) Adverse Factors and Coping Strategies

①Intense Market Competition

The Group's primary business operations include music streaming and multimedia technology. Within this, the music streaming sector has matured considerably in the market. The competition among international conglomerates has led to a narrowing of product differentiations, with price reduction becoming a significant competitive tactic, consequently lowering overall profitability.

Response Measures:

- A. Integrate Group advantages and penetrate vertically into cross-industry applications to increase product value-added and differentiation.
- B. Forge strategic alliances and closely cooperate with partners to accelerate market penetration, pushing the Company's products and services to the target audience.
- C. Actively accelerate research and development, or strategically acquire related emerging technologies (such as artificial intelligence, Metaverse, cloud services), exploring more possibilities for commercial scenario applications to enhance overall competitiveness, and build core applications or services for the next generation of operations.

② Difficulty in Recruiting and Retaining Professional Talent

Acquiring high-quality software and technology talent has become one of the most common challenges for companies in the Taiwan employment market in recent years. Moreover, developing technical talent is also not easy, and it's even more challenging to develop professionals with interdisciplinary expertise. If talent acquisition and development policies fail to keep pace with market standards, it will have adverse effects on the Company.

Response Measures:

A. Enhance the technical proficiency of research and development personnel through the transfer of R&D experience and collaboration with domestic and international academic institutions. Utilize internal education and training to guide employees in continuous improvement and rapid integration into the R&D team's operations.

B. The Company will continue to plan and provide competitive compensation and reward plans to attract outstanding external talent and foster a diverse and open workplace culture to increase employee retention.

(II) Important Uses and Manufacturing Processes of Main Products

This Group mainly operates in the software technology business, so it is not applicable.

(III) Supply Situation of Main Raw Materials

This Group mainly operates in the software technology business, so it is not applicable.

(IV) Customers whose purchases (sales) accounted for more than ten percent of the total purchase (sales) amount in any one of the past two fiscal years, along with their purchases (sales).

- Suppliers whose purchase amounts accounted for more than ten percent of the total purchase amount in any one of the past two fiscal years, along with their purchase amounts and proportions.

Unit: NT\$'000; %

| Item | 2022 | | | | 2023 | | | |
|------|----------------------|-----------|-------------------------------------|------------------------------|----------------------|-----------|-------------------------------------|--------------------------|
| | Name | Amount | Ratio of net purchases for the year | Relationship with the issuer | Name | Amount | Ratio of net purchases for the year | Relationship with Issuer |
| 1 | Company A | 138,338 | 9.20 | None | Company A | 297,898 | 19.83 | None |
| | Other | 1,364,856 | 90.80 | - | Others | 1,204,299 | 80.17 | - |
| | Net purchase amounts | 1,503,194 | 100.00 | - | Net purchase amounts | 1,502,197 | 100.00 | - |

Explanation of Increase or Decrease:

In 2023, due to the Group's operational strategy of establishing the Going Cloud business and becoming an official sales partner of Company A, the bandwidth costs purchased from Company A increased.

- Customers whose sales accounted for more than ten percent of the total sales amount in any one of the past two fiscal years, along with their sales amounts and proportions.

Unit: NT\$'000; %

| Item | 2022 | | | | 2023 | | | |
|------|----------------------------|-----------|-------------------------------------|--------------------------------------|----------------------------|-----------|-------------------------------------|--------------------------------------|
| | Name | Amount | Ratio of net purchases for the year | Relationship with the issuer | Name | Amount | Ratio of net purchases for the year | Relationship with Issuer |
| 1 | KDDI Corporation | 1,135,843 | 38.64 | Investors with Significant Influence | Platform Users | 1,198,290 | 40.37 | None |
| 2 | Platform Users | 1,090,632 | 37.10 | None | KDDI Corporation | 1,056,614 | 35.60 | Investors with Significant Influence |
| 3 | Chunghwa Telecom Co., Ltd. | 451,250 | 15.35 | Investors with Significant Influence | Chunghwa Telecom Co., Ltd. | 384,221 | 12.95 | Investors with Significant Influence |
| | Other | 261,674 | 8.91 | - | Others | 328,917 | 11.08 | - |
| | Net sale amount | 2,939,399 | 100.00 | - | Net sale amount | 2,968,042 | 100.00 | - |

Explanation of Increase or Decrease:

The Group's main sources of revenue currently are music streaming and multimedia technologies businesses, which are delivered to end users through customers. Comparing the proportion of net sales amount for the whole year between the current and previous periods, the change in magnitude is not significant.

(V) Production Quantity Values for the Last Two Fiscal Years

Not applicable as the Group primarily operates in the software technology sector.

(VI) Sales Quantity Values for the Last Two Fiscal Years

Sales quantity and sales value for both domestic and overseas sales in the last two fiscal years, with a variance analysis:

Unit: NT\$'000, thousand units

| Sales Quantity and Value Main Product (Or Department) | Year | | 2022 | | | | 2023 | | | |
|---|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-------|
| | | | Import | | Export | | Import | | Export | |
| | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Music Streaming Business | - | 1,287,044 | - | 1,018,191 | - | 1,252,478 | - | 929,572 | | |
| Multimedia Technologies Business | - | 14,144 | - | 601,523 | - | 12,350 | - | 701,739 | | |
| Digital Business Solutions Business | - | 18,497 | - | - | - | 56,418 | - | 15,485 | | |
| Total | - | 1,319,685 | - | 1,619,714 | - | 1,321,246 | - | 1,646,796 | | |

Explanation of Variance Analysis: The increase in overseas sales for the multimedia technologies business is primarily due to changes in the location of customers receiving services.

III. Employee Data for the Last Two Fiscal Years

Unit: People; %

| Year | | 2022 | 2023 | As of May 31, 2024 |
|---|--------------------|---------|---------|--------------------|
| Item | Direct Employees | 141 | 96 | 96 |
| | Indirect Employees | 314 | 416 | 406 |
| | Total | 455 | 512 | 502 |
| Average Age (years) | | 33.6 | 35.14 | 35.95 |
| Average Length of Service (years) | | 3.93 | 4.12 | 4.63 |
| Educational Background Distribution Ratio (%) | Doctorate | 1.76% | 1.76% | 1.79% |
| | Masters | 34.29% | 36.91% | 37.45% |
| | College | 61.76% | 60.55% | 59.96% |
| | Below junior high | 2.20% | 0.78% | 0.80% |
| | Total | 100.00% | 100.00% | 100.00% |

IV. Environmental Expenditure Information

- (I) Explanation of Compliance with Legal Regulations Regarding the Application for Installation Permits for Pollution Facilities or Emission Permits, Payment of Pollution Prevention and Control Fees, or Establishment of Environmental Protection Specialized Personnel:

1. Installation Permits for Pollution Facilities or Emission Permits:

The Group is primarily engaged in Music Streaming Business, Multimedia Technologies Business, and Digital Business Solutions Business, none of which involve factory-type operations. Therefore, there are no environmental pollution issues arising.

2. Pollution Prevention and Control Fees:

The Group's main activities include Music Streaming Business, Multimedia Technologies Business, and Digital Business Solutions Business, all of which are non-factory types. Therefore, there is currently no requirement to obtain installation permits for pollution facilities, pay pollution prevention and control fees, or establish environmental protection specialized personnel.

- (II) Investment in Main Equipment for Environmental Pollution Prevention and Control, Its Purpose, and Potential Benefits:

The Group primarily engages in Music Streaming Business, Multimedia Technologies Business, and Digital Business Solutions Business, none of which involve factory-type operations or pollution-generating manufacturing industries. Therefore, this section is not applicable.

- (III) Improvement of Environmental Pollution and Handling of Pollution Disputes in the Last Two Fiscal Years and Up to the Printing Date of the Annual Report:

The Group has not encountered any significant pollution dispute events.

- (IV) Losses Incurred by the Company Due to Environmental Pollution in the Last Two Fiscal Years and Up to the Printing Date of the Annual Report, including Compensation and Results of Environmental Protection Inspections Violating Environmental Protection Regulations. Details should include the date of disciplinary action, disciplinary number, violated regulations, violation content, disciplinary content. Disclose current and estimated future amounts of potential losses and response measures. If reasonable estimation is not possible, explain the circumstances preventing reasonable estimation:

As of the printing date of the annual report, the Group has not experienced any

significant environmental pollution events or related losses in the last two fiscal years.

(V) Current Pollution Status and Its Impact on Company Earnings, Competitive Position, and Capital Expenditure, as well as Significant Environmental Capital Expenditure Estimates for the Next Two Fiscal Years

1. Impact of Current Pollution Status and Its Improvement on Company Earnings, Competitive Position, and Capital Expenditure:

The Group is currently not involved in any environmental pollution incidents. Therefore, there should be no significant impact on earnings, competitive position, or capital expenditure.

2. Significant Environmental Capital Expenditure Estimates for the Next Two Fiscal Years: None.

V. Labor-capital relations

(I) Implementation Status of Various Employee Welfare Measures, Continuing Education, Training, Retirement Systems, Agreements between Labor and Management, and Measures to Protect Employee Rights:

1. Employee Welfare Measures:

The Company and its subsidiaries have an Employee Welfare Committee, which regularly implements various welfare measures. It establishes clubs to balance employees' physical and mental well-being and relieve work pressure. In addition to providing subsidies for weddings, funerals, and celebrations, departmental gatherings, and annual health check-ups, the Company also provides employees with opportunities to participate in various training and seminars to enhance their skills and improve work efficiency.

2. Employee Continuing Education and Training:

The Company and its subsidiaries prioritize talent development, considering employees as essential assets of the Company. To ensure that employees at all levels fully understand their responsibilities and professional knowledge, employees can apply for subsidies for professional external training courses. Additionally, the Company regularly organizes internal training courses for employees to continuously absorb new knowledge, enhance skills, improve work efficiency and quality, and ultimately increase operational performance to achieve the goal of enhancing corporate competitiveness.

3. Retirement System and Implementation Status:

The Company complies with relevant laws and regulations in its primary operating locations. In Taiwan, the Company follows the Labor Pension Act's new retirement system, contributing 6% of the employee's total salary to the retirement pension fund each month and depositing it into the individual retirement pension account of the Labor Insurance Bureau. For foreign employees covered by the old retirement system, 2% of their total salary is contributed to the retirement reserve fund each month and deposited into the retirement reserve fund account at the Taiwan Bank.

4. Agreements between Labor and Management and Measures to Protect Employee Rights:

The Company and its subsidiaries attach great importance to employee rights, upholding the principle of open communication, complying with relevant labor laws and regulations, and holding regular labor-management meetings to maintain a good relationship between labor and management. The Company and its subsidiaries have channels for communicating operational changes and major decisions, allowing employees the right to access information and express their opinions.

- (II) Losses Incurred by the Company Due to Labor Disputes in the Last Two Fiscal Years and Up to the Printing Date of the Annual Report, including Results of Labor Inspections Violating the Labor Standards Act. Details should include the date of disciplinary action, disciplinary number, violated regulations, violation content, disciplinary content. Disclose current and estimated future amounts of potential losses and response measures. If reasonable estimation is not possible, explain the circumstances preventing reasonable estimation.

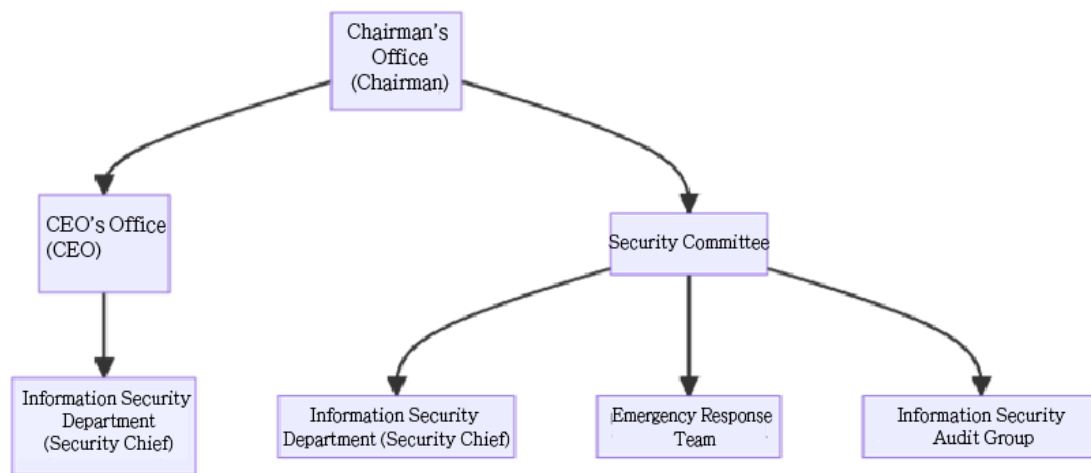
The Group maintains a good labor-management relationship. In the last two fiscal years and up to the printing date of the annual report, the Group has not encountered any significant labor disputes.

VI. Information and Communication Security Management

- (I) Information and Communication Security Risk Management Framework, Information and Communication Security Policy, Specific Management Plans, and Resources Invested in Information and Communication Security Management

1. Information and Communication Security Organizational Structure

To strengthen the Group's information security management and ensure the security of data, systems, and networks, a dedicated Information Security Department has been established to oversee the planning and implementation of information security. Additionally, an Information Security Management Committee has been formed to supervise the operation of the information security management system, identify internal and external issues related to information security management, and address the requirements and expectations of stakeholders regarding information security within the Group.



2. Information and Communication Security Policy

The Group has developed a comprehensive and specific information security policy in accordance with ISO 27001 standards, which also complies with relevant laws and regulations. This policy aims to enhance the information security awareness of all personnel (including regular employees, dispatched personnel, contract employees, temporary employees, etc.), vendors, and their personnel who have business dealings with the Group, as well as visitors to the Group, and ensure the confidentiality, integrity, and availability of information assets.

This policy clearly states the Company's support for information and communication security objectives and provides clear guidance for all personnel to follow, thereby reducing the likelihood of information security incidents and the potential impact they may cause. Furthermore, through the implementation of this information security policy, we ensure the continuous and stable operation of information operations and continuously improve and optimize our information and communication security management system, safeguarding the interests of the Company and consumers.

3. Specific Management Plans

(1) Personnel Security

- A. All employees are required to sign confidentiality agreements and undergo information security education and training annually.
- B. For sensitive positions, security assessments should be conducted before personnel promotion, and necessary assessments should be carried out during personnel promotion, work, and task assignments.

(2) Access Control Security

- A. Regular inventory and classification of information assets should be conducted.
- B. Corresponding protective measures should be taken for information assets of different critical levels.

(3) Access Control Security

- A. Implement password complexity principles and introduce multi-factor authentication mechanisms.
- B. Establish processes for enabling, adjusting, and disabling account permissions, and conduct regular inventory checks of account permissions.

(4) Key Management Security

- A. Establish a key lifecycle management procedure and monitor the security of keys.

(5) Physical Environment Security

- A. Classify and control the physical environment of the Group and install firefighting equipment and monitoring devices.

(6) System and Network Security:

- A. Implement next-generation firewall equipment to control Company connection rules and identify malicious behavior.
- B. Introduce CNAPP and SIEM services to provide security protection and monitoring for cloud, system, and network.
- C. Implement EDR and MDM services to provide security protection for endpoint devices.
- D. Implement email protection services to enhance malicious email protection functions.
- E. Conduct regular cybersecurity exercises such as red team exercises,

vulnerability scans, penetration testing, and email social engineering to continuously strengthen and verify the strength of cybersecurity protection capabilities.

(7) Business Continuity Security:

A. Adopt a high-availability system architecture and establish reliable system backup mechanisms. Conduct regular business continuity exercises to verify the effectiveness of relevant mechanisms.

4. Allocation of Resources for Information and Communication Security Management

- (1) Establishment of a dedicated Information Security Department, including an Information Security Officer and two full-time cybersecurity personnel.
 - (2) The Information Security Officer convenes an information security management review meeting at least once a year to report on significant internal and external information security issues, and related plans, to the Chairman of the Board.
 - (3) The Information Security Department holds monthly meetings to confirm the implementation of information security-related control measures and track improvement projects.
 - (4) The Information Security Department organizes at least two information security education and training sessions annually to enhance the information security awareness and consciousness of all employees.
 - (5) Continuous adoption of international information security standards, such as ISO 27001 and PCI-DSS, and gradually obtaining third-party verification.
- (II) In the past two fiscal years and up to the printing date of the annual report, there have been no significant losses incurred due to major information or communication security events, nor have there been any foreseeable impacts or response measures. If unable to reasonably estimate, it should be explained that such estimation is not possible: This situation has not occurred.

VII. Important Contracts

Currently valid and expiring within the last fiscal year are supply and distribution contracts and other significant contracts that may affect investor interests:

| Nature | Party | Commencement/Expiration Dates | Main content | Restrictive Clause |
|-------------------------|-------------------------|--|--|------------------------|
| Sales Contract | KDDI Corporation | 2019/12/01-2029/11/30 | Maintenance Service Agreement for the System | Confidentiality Clause |
| Sales Contract | KDDI Corporation | 2021/09/01~2023/06/30 | Audio-Visual Platform Development Contract Agreement | Confidentiality Clause |
| Sales Contract | KDDI Corporation | 2019/04/01-2029/03/31 | Audio-Visual Platform Technical Support Agreement | Confidentiality Clause |
| Procurement Contract | Company A | 2022/10/01-2023/03/31 | Cloud Service Procurement Agreement | Confidentiality Clause |
| Procurement Contract | Company A | 2022/08/01-2023/05/31 | Cloud Service Procurement Agreement | Confidentiality Clause |
| Procurement Contract | Company A | 2020/10/01-2023/03/31 | Cloud Service Procurement Agreement | Confidentiality Clause |
| Procurement Contract | Company A and Company M | 2023/04/01-2028/03/31 | Cloud Service Procurement Agreement | Confidentiality Clause |
| Procurement Contract | Company A and Company M | 2023/04/01-2025/03/31 | Cloud Service Procurement Agreement | Confidentiality Clause |
| Copyright Contract | Company K | 2022/01/01-2023/12/31 | Music Copyright License Agreement | Confidentiality Clause |
| Copyright Contract | Company J | 2022/09/01-2024/08/31 | Lyrics and Music Copyright License Agreement | Confidentiality Clause |
| Procurement Contract | O Company | 2023/06/01-2026/05/31 | Cloud Service Procurement Agreement | Confidentiality Clause |
| Copyright Contract | L Company | 2023/01/01-2024/12/31 | Lyrics and Music Copyright License Agreement | Confidentiality Clause |
| Collaboration Agreement | KDDI Corporation | 2019/3/1 - 2022/3/31: Three-year term with automatic renewal unless either party gives notice of termination at least 1 year and 6 months before the end of the term. | Music Streaming Platform Service Collaboration Agreement | Confidentiality Clause |
| Collaboration Agreement | KDDI Corporation | 2023/3/1 - 2026/3/30: Three-year term with automatic renewal unless either party gives notice of | Music Streaming Platform Service Collaboration Agreement | Confidentiality Clause |

| Nature | Party | Commencement/Expiration Dates | Main content | Restrictive Clause |
|--------------------|---|--|---|------------------------|
| | | termination at least 1 year and 6 months before the end of the term. | | |
| Copyright Contract | B Company | 2013/6/1-2015/5/31 (Two-year term with automatic renewal.) | Music Copyright License Agreement | Confidentiality Clause |
| Copyright Contract | B Company | 2019/10/1-2020/9/30 (Two-year term with automatic renewal.) | Music Copyright License Agreement | Confidentiality Clause |
| Copyright Contract | E Company | 2017/12/01-2018/11/30 (One-year term with automatic renewal.) | Music copyright license agreement and related supplemental agreements | Confidentiality Clause |
| Copyright Contract | G Company | 2019/1/1-2019/12/31 (Two-year term with automatic renewal.) | Music Copyright License Agreement | Confidentiality Clause |
| Sales Contract | Chunghwa Telecom Co., Ltd. Mobile Communications Branch | 2009/11/01-2011/10/31 (One-year term with automatic renewal.) | Mobile Value-added Service Agreement and related amendment agreements | Confidentiality Clause |
| Copyright Contract | F Company | 2022/02/01-2023/12/31 | Music Copyright License Agreement | Confidentiality Clause |
| Copyright Contract | D Company | 2022/10/01-2023/09/30 | Music Copyright License Agreement | Confidentiality Clause |
| Copyright Contract | C Company | 2023/02/01-2024/01/31 | Music Copyright License Agreement | Confidentiality Clause |

SIX. Overview of Financial Status

I. Summary Financial Information for the Last Five Fiscal Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income (International Financial Reporting Standards)

1. Condensed Balance Sheet

Unit: NT\$'000

| Item \ Year | | The Financial Data for the Past Five Years | | | | | Financial Data as of March 31, 2024, for the Current Fiscal Year |
|---|-------------------|--|-----------|-----------|-----------|-----------|--|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| CURRENT ASSETS | | | 1,928,430 | 1,950,170 | 2,059,026 | 3,258,223 | 3,419,231 |
| Property, plant, and equipment | | | 27,869 | 22,922 | 14,751 | 23,243 | 25,782 |
| Intangible assets | | | 1,826 | 5,661 | 219 | 796,636 | 842,962 |
| Other assets | | | 210,212 | 47,494 | 268,479 | 441,987 | 1,235,673 |
| Total Assets | | | 2,168,337 | 2,026,247 | 2,342,475 | 4,520,089 | 5,523,648 |
| CURRENT LIABILITIES | Before allocation | | 1,224,990 | 1,057,499 | 1,112,817 | 1,055,860 | 1,387,648 |
| | After allocation | | 1,224,990 | 1,057,499 | 1,112,817 | 1,055,860 | 1,387,648 |
| NON-CURRENT LIABILITIES | | | 42,677 | 41,645 | 35,011 | 517,529 | 928,103 |
| Total Liabilities | Before allocation | | 1,267,667 | 1,099,144 | 1,147,828 | 1,573,389 | 2,315,751 |
| | After allocation | | 1,267,667 | 1,099,144 | 1,147,828 | 1,573,389 | 2,315,751 |
| Profit Attributable to Owners of the Parent Company | | | - | - | 1,051,310 | 2,821,365 | 3,072,915 |
| Capital Stock | | | - | - | 1,043,800 | 1,639,960 | 1,639,960 |
| Share Capital | | | - | - | - | - | 101,896 |
| Capital surplus | | | - | - | - | 1,455,614 | 1,460,855 |
| Retained earnings | Before allocation | | - | - | 31,341 | 103,761 | 146,347 |
| | After allocation | | - | - | 31,341 | 103,761 | 146,347 |
| Other equity | | | - | - | (23,831) | (377,970) | (276,143) |
| Treasury Shares | | | - | - | - | - | - |
| Equity Before Non-Controlling Interests under | | | 771,058 | 809,050 | 19,537 | - | - |

| | | | | | | |
|--|-------------------|---------|---------|-----------|-----------|-----------|
| Joint Control | | | | | | |
| Equity After Non-Controlling Interests under Joint Control | | 7,748 | 1,750 | (10,000) | - | - |
| Non-controlling interests | | 121,864 | 116,303 | 133,800 | 125,335 | 134,982 |
| Total Equity | Before allocation | 900,670 | 927,103 | 1,194,647 | 2,946,700 | 3,207,897 |
| | After allocation | 900,670 | 927,103 | 1,194,647 | 2,946,700 | 3,207,897 |

Note 1: The consolidated financial statements for each period in the table above have been audited or reviewed by certified public accountants.

2. Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$'000

| Item \ Year | The Financial Data for the Past Five Years | | | | | Financial Data as of March 31, 2024, for the Current Fiscal Year |
|---|--|-----------|-----------|-----------|-----------|--|
| | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Operating revenue | | 3,411,436 | 3,124,539 | 2,939,399 | 2,968,042 | 780,180 |
| Gross Profit from Operations | | 1,262,438 | 1,075,919 | 1,163,474 | 1,139,721 | 323,248 |
| Operating Profit | | 296,693 | 76,645 | 192,976 | 63,289 | 62,696 |
| Non-operating income and expenses | | (7,008) | (4,998) | 41,645 | 28,653 | (10) |
| Profit Before Tax | | 289,685 | 71,647 | 234,621 | 91,942 | 62,686 |
| Profit for the Period from Continuing Operations | | 259,480 | 49,341 | 189,732 | 79,056 | 49,929 |
| Profit for the Period from Continuing Operations | | - | - | - | - | - |
| Profit for the Period | | 259,480 | 49,341 | 189,732 | 79,056 | 49,929 |
| Other Comprehensive Income for the Period (Net of Tax) | | (19,444) | (15,908) | 58,743 | (70,189) | 97,834 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | 240,036 | 33,433 | 248,475 | 8,867 | 147,763 |
| Net income attributable to owners of the company | | - | - | 28,035 | 95,529 | 42,586 |
| Profit Attributable to Pre-hand Acquisition Interests in Jointly Controlled Entities | | 244,199 | 54,004 | 149,414 | (7,416) | - |
| Profit Attributable to Post-hand Acquisition Interests in Jointly Controlled Entities | | 1,456 | 1,044 | 1,071 | - | - |

| | | | | | | |
|---|--|---------|---------|---------|---------|---------|
| Profit Attributable to Non-controlling Interests | | 13,825 | (5,707) | 11,212 | (9,057) | 7,343 |
| Total comprehensive income attributable to owners of the company | | - | - | 57,456 | 25,681 | 138,116 |
| Total Comprehensive Income Attributable to Pre-hand Acquisition Interests in Jointly Controlled Entities | | 225,644 | 37,992 | 172,569 | (7,416) | - |
| Total Comprehensive Income Attributable to Post-hand Acquisition Interests in Jointly Controlled Entities | | 1,583 | 1,002 | 953 | - | - |
| Total comprehensive income attributable to Non-controlling Interests | | 12,809 | (5,561) | 17,497 | (9,398) | 9,647 |
| gain per share (NT\$) | | 2.35 | 0.53 | 1.71 | 0.66 | 0.26 |

Note 1: The consolidated financial statements for each period in the table above have been audited or reviewed by certified public accountants.

(II) Important matters affecting the consistency comparison of the above condensed financial statements, such as accounting changes, Company mergers, or cessation of operations of business segments, and their effects on the financial statements for the current year: None.

(III) Name of CPAs and Audit Opinions for the Last Five Years:

1. THE Name of CPAs and Audit Opinions for the Last Five Years:

| Year | Accounting Firm Name | CPA | Opinion |
|------|----------------------|-------------------------------------|------------------------|
| 2019 | - | - | - |
| 2020 | Deloitte & Touche | Shao, Chih-Ming, Huang, Kuo-Ning | Unqualified opinion |
| 2021 | Deloitte & Touche | Shao, Chih-Ming, Huang, Kuo-Ning | Unqualified opinion |
| 2022 | Deloitte & Touche | Shao, Chih-Ming, Huang, Kuo-Ning | Unqualified opinion |
| 2023 | Deloitte & Touche | Shao, Chih-Ming, Huang, Kuo-Ning | Unqualified opinion |

2. If there has been a change in the accountant in the past five years, the Company, the former accountant, and the successor accountant should provide an explanation for the reason for the change: The change was due to a rotation of duties within the accounting firm.

3. If a foreign issuing Company has had the same accountant auditing its

financial reports for the past seven consecutive years, it should explain the reasons for not changing the accountant, the independence of the current auditing accountant, and the specific measures taken by the Company to strengthen the independence of the auditing accountant: The Company has not retained the same accountant for seven consecutive years.

II. Financial Data for the Last Five Years

| Item \ Year | | Financial Data for the Last Five Years | | | | | Financial Data for the Year Ending on March 31, 2024 |
|---------------------|--|--|-----------|-----------|-----------|------------|--|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Financial Structure | Debt-to-Asset Ratio (%) | | 58.46% | 54.25% | 49.00% | 34.81% | 41.92% |
| | Ratio of Long-term Funds to Property, Plant, and Equipment (%) | | 3,384.93% | 4,226.28% | 8,336.10% | 14,904.40% | 16,042.20% |
| Solvency | Current Ratio (%) | | 157.42% | 184.41% | 185.03% | 308.58% | 246.40% |
| | Quick Ratio (%) | | 138.79% | 159.95% | 159.42% | 278.77% | 211.04% |
| | Interest Coverage Ratio | | 1558.45 | 469.28 | 2,077.29 | 250.17 | 21.80 |
| Operating Ability | Accounts Receivable Turnover (times) | | 7.63 | 6.56 | 6.69 | 6.49 | 6.26 |
| | Average collection days for receivables | | 47.82 | 55.66 | 54.53 | 56.23 | 58.29 |
| | Inventory Turnover (times) | | - | - | - | - | - |
| | Accounts Payable Turnover (times) | | 2.82 | 2.56 | 2.33 | 2.67 | 2.38 |

| | | | | | | | |
|----------------------|---|--|--------|--------|----------|--------|---------|
| | Average days for sale | | - | - | - | - | - |
| | Fixed Assets Turnover (times) | | 79.30 | 123.04 | 156.05 | 156.24 | 127.31 |
| | Total Asset Turnover (times) | | 1.72 | 1.49 | 1.35 | 0.86 | 0.62 |
| Operating Capability | Profitability (%) | | 13.10% | 2.36% | 8.69% | 2.31% | 4.17% |
| | Return on Equity (ROE) (%) | | 32.43% | 5.40% | 17.88% | 3.82% | 6.49% |
| | Pre-tax Net Profit to Paid-up Capital Ratio (%) | | 27.75% | 6.86% | 22.48% | 5.61% | 15.29% |
| | Net Profit Margin (%) | | 7.61% | 1.58% | 6.45% | 2.66% | 6.40% |
| | gain per share (NT\$) | | 2.35 | 0.53 | 1.71 | 0.66 | 0.26 |
| Cash Flow | Cash flow ratio (%) | | 15.73% | 12.45% | (0.44) % | 8.84% | (7.62%) |
| | Cash Flow Adequacy Ratio (%) | | - | - | - | - | - |
| | Cash Reinvestment Ratio (%) | | 19.69% | 11.10% | (0.42) % | 3.85% | (4.89%) |
| Leverage | Operating leverage | | 4.26 | 14.04 | 6.03 | 18.01 | 5.16 |
| | Financial leverage | | 1.00 | 1.00 | 1.00 | 1.01 | 1.05 |

Please explain the reasons for the changes in various financial ratios in the past two years. (Analysis can be omitted if the changes do not exceed 20%.)

1. The increase in the debt-to-assets ratio and the ratio of long-term funds to property, plant, and equipment in the past two years is primarily due to the increase in lease liabilities from relocating to new office premises in 2024, along with an increase in accrued royalties and the prepayment of employee stock subscriptions, resulting in an increase in liabilities and equity in the first quarter of 2024.
2. The decrease in the interest coverage ratio is attributed to the rise in financial costs in 2024.
3. The decline in the current ratio and quick ratio is mainly due to the outflow of operating funds in 2024, leading to a decrease in current assets.
4. The decrease in the cash flow ratio and cash reinvestment ratio is primarily due to the prepayment of royalties and the fact that some contract assets and accounts receivable remained uncollected in 2024, resulting in a net cash outflow from operating activities in that year.
5. The cash flow adequacy ratio was not calculable before 2020, as the Company did not prepare consolidated financial

statements until that year.

6. The decrease in operating leverage is mainly due to reduced operating expenses, such as advertising expenditure, in comparison to 2023, resulting in a higher net profit margin in 2024, thus decreasing the operating leverage compared to 2023. The decrease in the debt-to-assets ratio and the increase in the ratio of long-term funds to property, plant, and equipment in 2023 is primarily due to capital increases and the acquisition of assets from Cool Music, resulting in an increase in assets and equity in 2023.

Note 1: The consolidated financial statements for each year in the above table have been audited and certified by certified public accountants.

Note 2: The formulas for financial analysis are as follows:

1. Financial Structure

(1) Debt-to-Asset Ratio = Total Liabilities / Total Assets.

(2) Long-Term Funds to Fixed Assets Ratio = (Total Equity + Non-current Liabilities) / Net Fixed Assets.

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Free interest earned (times) = Income before income tax and individuals acting on their free expenses / Current individuals acting on their free expenses.

3. Operating Capability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = Net sales / Average receivables (including accounts receivable and notes receivable arising from business for each period).

Average Collection Period = 365 / Accounts Receivable Turnover Ratio.

(4) Inventory turnover rate = Cost of sales / Average inventory.

(5) Payables (including accounts payable and notes payable arising from business operations) turnover rate = Cost of sales / Average payables (including accounts payable and notes payable arising from business) for each period.

(6) Average days of sale = 365 / Inventory turnover rate.

(7) Fixed Assets Turnover Ratio = Net Sales / Average Net Fixed Assets.

Total asset turnover rate = Net sales / Average total assets.

4. Operating Capability

(1) Return on assets = [Net NET PROFIT + individuals acting on their free expenses (1 - Tax rate)] / Average total assets.

(2) Return on equity = Net NET PROFIT / Average total equity.

(3) Net Profit Margin = Net Income / Net Sales.

(4) Earnings Per Share = (Net Income attributable to common shareholders - Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding.

5. Cash Flow

(1) Cash flow ratio = Operating Cash Flow / Current Liabilities.

(2) Net cash flow adequacy ratio = Net cash flows from operating activities for the most recent five years / (Capital expenditures + Inventory increase + Cash Dividend Yield) for the most recent five years.

(3) Cash flow reinvestment ratio = Net cash flows from operating activities - Cash Dividend Yield / Gross value of property, plant, and equipment + Long-term investment + Other non-current assets + Operation capital).

6. Leverage Ratios:

(1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating profit

(2) Financial leverage = Operating profit / (Operating Profit - Interest Expense).

- III. Audit Committee Review Report for the Most Recent Annual Financial Report
Please refer to Appendix 1.
- IV. The Most Recent Annual Financial Report, including the Auditor's Report, Comparative Balance Sheets for Two Years, Comprehensive Income Statements, Statement of Changes in Equity, Cash Flow Statements, and Notes or Appendices.
Please refer to Appendix 2.
- V. The Most Recent Annual Individual Financial Reports Certified by the Auditor:
As a foreign Company listed on the Taiwan Stock Exchange, the Company does not prepare individual financial statements.
- VI. Any Financial Difficulties Experienced by the Company and Its Related Enterprises in the Most Recent Year and Up to the Printing Date of the Annual Report: No such issues occurred.

SEVEN. Review and Analysis of Financial Condition and Financial Performance and Assessment of Risk Factors

I. Financial Condition

Consolidated Balance Sheets for the Most Recent Two Years

Unit: NT\$'000; %

| Item \ Year | 2022 | 2023 | Difference | |
|---|-----------|-----------|------------|-----------|
| | | | Amount | % |
| Current Assets | 2,059,026 | 3,258,223 | 1,199,197 | 58.24% |
| Property, plant, and equipment | 14,751 | 23,243 | 8,492 | 57.57% |
| Other non-current assets | 268,698 | 1,238,623 | 969,925 | 360.97% |
| Total Assets | 2,342,475 | 4,520,089 | 2,177,614 | 92.96% |
| Current Liabilities | 1,112,817 | 1,055,860 | (56,957) | (5.12) % |
| Non-current Liabilities | 35,011 | 517,529 | 482,518 | 1,378.19% |
| Total Liabilities | 1,147,828 | 1,573,389 | 425,561 | 37.08% |
| Capital Stock | 1,043,800 | 1,639,960 | 596,160 | 57.11% |
| Capital Surplus | - | 1,455,614 | 1,455,614 | - |
| Retained earnings | 31,341 | 103,761 | 72,420 | 231.07% |
| Other Equity | (23,831) | (377,970) | (354,139) | 1,486.04% |
| Equity Before Non-Controlling Interests under Joint Control | 19,537 | - | (19,537) | (100) % |
| Equity After Non-Controlling Interests under Joint Control | (10,000) | - | 10,000 | (100) % |
| Non-controlling Interests | 133,800 | 125,335 | (8,465) | (6.33) % |
| Total Equity | 1,194,647 | 2,946,700 | 1,752,053 | 146.66% |
| Significant Changes Explanation: (Amount change exceeding 10% and amount reaching 1% of total assets for the fiscal year) <ol style="list-style-type: none"> 1. The increase in current assets is mainly due to cash raised in 2023. 2. The increase in other non-current assets and total assets is primarily due to the recognition of intangible assets and goodwill arising from the acquisition of Cool Entertainment, based on the appraisal report for fair value allocation. 3. The increase in non-current liabilities and total liabilities is mainly due to investments in the third to fifth phases of Cool Entertainment in Taiwan. 4. The increase in share capital, capital reserves, and total shareholders' equity is mainly due to the cash raised in 2023. | | | | |

II. Financial Performance

(I) Major Reasons for Significant Changes in Operating Revenue, Operating Profit, and Pre-tax Profit in the Past Two Years

Consolidated Income Statement for the Past Two Years

Unit: NT\$'000; %

| Item \ Year | 2022 | 2023 | Increase (Decrease) in Changes | |
|---|-----------|-----------|--------------------------------|------------------|
| | | | Amount | Change Ratio (%) |
| Operating income | 2,939,399 | 2,968,042 | 28,643 | 0.97% |
| Operating costs | 1,775,925 | 1,828,321 | 52,396 | 2.95% |
| Gross Profit | 1,163,474 | 1,139,721 | (23,753) | (2.04) % |
| Operating Expenses | 970,498 | 1,076,432 | 105,934 | 10.92% |
| Operating Profit | 192,976 | 63,289 | (129,687) | (67.20) % |
| Non-operating Income and Expenses | 41,645 | 28,653 | (12,992) | (31.20) % |
| Profit before Tax | 234,621 | 91,942 | (142,679) | (60.81) % |
| Income tax expenses | (44,889) | (12,886) | 32,003 | (71.29) % |
| Net Profit | 189,732 | 79,056 | (110,676) | (58.33) % |
| Other Comprehensive Income | 58,743 | (70,189) | (128,932) | (219.48) % |
| Total Comprehensive Income for the Period | 248,475 | 8,867 | (239,608) | (96.43) % |
| Significant Changes Explanation: (Amount change exceeding 10% and amount reaching 1% of total assets for the fiscal year) | | | | |
| 1. Increase in Operating Expenses: Primarily due to increased marketing expenses for expanding into the Japanese market by the subsidiary in Japan and additional research and development personnel. | | | | |
| 2. Decrease in Other Comprehensive Income: Mainly attributed to foreign currency translation differences expressed in the Cayman Islands financial statements. | | | | |

(II) The expected sales volume and its basis, the possible impact on the Company's future financial business and corresponding plans. The Company has not issued financial forecasts, so the expected sales volume and its basis are not applicable.

III. Cash Flow

(I) Analysis of cash flow changes over the last two years

Unit: NT\$'000; %

| Item \ Year | Cash Inflow (Outflow) | | Annual Variation | |
|--------------------------------------|-----------------------|-----------|------------------|-----------|
| | 2022 | 2023 | Amount | Rati (%) |
| Operating Cash Flow Inflow (Outflow) | (4,858) | 93,360 | 98,218 | 2,021.78% |
| Investing Cash Flow Inflow (Outflow) | 20,662 | (548,512) | (569,174) | 2,754.69% |

| Year Item | Cash Inflow (Outflow) | | Annual Variation | |
|---|-----------------------|-----------|------------------|------------|
| | 2022 | 2023 | Amount | Rati (%) |
| Financing Cash Flow Inflow (Outflow) | 5,910 | 1,715,866 | 1,709,956 | 28,933.27% |
| Analysis of Changes: (When the change between periods exceeds twenty percent and the amount of change reaches ten million New Taiwan Dollars) | | | | |
| 1. Increase in cash inflows from operating activities: Primarily due to receipts from contract assets and sustained profitability of the group. | | | | |
| 2. Decrease in cash inflows from investing activities: Mainly attributed to the acquisition of subsidiary Cool Music. | | | | |
| 3. Increase in cash inflows from financing activities: Primarily attributable to the cash capital increase in 2023. | | | | |

(II) Improvement Plan for Insufficient Liquidity: None

(III) Analysis of Cash Liquidity for the Next Year

The group's cash on hand in 2023 is sufficient to support various cash expenditures for operations, indicating good cash liquidity for the next year. However, if cash liquidity becomes insufficient, the group will resort to cash capital increases by issuing new shares or bank borrowings. The group maintains a good relationship with banks, and currently, operational funds are abundant, so there should be no concerns about financial liquidity or funding shortages.

IV. Impact of Significant Capital Expenditures in the Recent Fiscal Year: None.

V. Recent Investment Policies, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Next Year

(I) Company's Reinvestment Policy

The Company's reinvestment policy is implemented to address business development needs and considerations for future growth factors. Detailed evaluations are conducted on the organizational structure, investment objectives, market conditions, business development, shareholding ratios, and other aspects of the investment projects to provide decision-makers with reference for investment decisions.

(II) Main Reasons for Profit or Loss from Recent Investments and Improvement Plans

Unit: NT\$'000

| Reinvestment Company name | Amount of Profit or Loss from Reinvestment in the Most Recent Year (2023) | Main Reasons for Profit or Loss | Improvement Plan |
|---|---|---|---|
| KKStream Limited | 95,524 | Good operating conditions | Not applicable |
| KKCompany Technologies Pte. Ltd. | 63,041 | Good operating conditions | Not applicable |
| Going Cloud Pte. Ltd. | (33,233) | Mainly due to the operating costs and expenses required by the Company to develop new businesses | Expected increase in revenue through new customer acquisitions in the future |
| KKBOX International Limited | (2,647) | Mainly due to the group's organizational adjustments | Not applicable |
| KKBOX (Malaysia) Sdn. Bhd. (Note) | 2,694 | Good operating conditions | Not applicable |
| KKCompany Japan LLC (formerly: KKBOX Japan LLC) | (16,943) | Mainly due to the operating costs and expenses required by the Company to develop new businesses and businesses | Expected increase in revenue through new customer acquisitions in the future |
| KKCompany Media & Technology Limited | 70,455 | Good operating conditions | Not applicable |
| KKBOX Taiwan Co., Ltd. | (21,132) | The main reason is that the Company coincides with the important milestone of the 18th anniversary of the Billboard, so it has expanded its investment, resulting in an increase in overall expenses. | Attributed to one-time special expenses, expected to return to normalcy in the future |
| KKBOX Hong Kong Limited | 37,937 | Good operating conditions | Not applicable |
| Going Cloud Co., Ltd. | (42,917) | Mainly due to the operating costs and expenses required by the Company to develop new businesses | Expected increase in revenue through new customer acquisitions in the future |
| KKStream Technologies Co., Ltd. | (791) | Mainly due to the group's organizational adjustments | Not applicable |
| TAIWAN KURO TIMES CO., LTD. | - | Investment gains and losses have not yet been recognized | Not applicable |

| | | | |
|-----------------------|---|--|----------------|
| Going Cloud Japan LLC | - | Investment gains and losses have not yet been recognized | Not applicable |
|-----------------------|---|--|----------------|

Note: The entire equity of KKBOX (Malaysia) Sdn. Bhd. was sold from KKCompany Technologies Pte. Ltd. to KKCompany Inc. on June 16, 2023.

Our Company's policy on equity investment is formulated to meet the needs of business development and to consider factors such as the future growth of the Company. Detailed evaluations are conducted on various aspects including the organizational structure, investment objectives, market conditions, business development, ownership percentage, and other relevant factors of the invested ventures. These evaluations serve as references for the decision-making authorities in making investment decisions.

(III) Investment Plan for the Next Year

To widen the gap with international competitors and expand into overseas markets in music streaming, multimedia technology, and cloud-based smart services, our Company will focus on global markets. In addition to scaling up our existing investment, we will also seek opportunities for collaboration with other countries. Drawing on the successful experiences in the Taiwan and Japanese markets, we aim to replicate our success worldwide and provide customers with the best services possible.

(IV) Other Important Matters: None

VI. Analysis and Assessment of Risk Factors up to the Date of Publication of the Annual Report, including the Impact of Interest Rate Fluctuations, Exchange Rate Changes, and Inflation, on Company Profit and Loss, and Future Response Measures

(I) Impact of Interest Rate Fluctuations, Exchange Rate Changes, and Inflation on Company Profit and Loss, and Future Response Measures

1. Impact of Interest Rate Fluctuations on Company Profit and Loss, and Future Response Measures

The Company and its subsidiaries primarily generate interest income from bank deposits. As the Company and its subsidiaries do not borrow funds from financial institutions, there is no impact on interest expenses. The interest income and interest expenses for the latest fiscal year are as follows:

Unit: NT\$'000, %

| Year Item | 2022 | | 2023 | |
|-------------------|--------|--------------------------------|--------|--------------------------------|
| | Amount | Proportion of operating income | Amount | Proportion of operating income |
| Interest income | 5,494 | 0.187% | 24,127 | 0.813% |
| Interest expenses | - | - | - | - |
| Total | 5,494 | 0.187% | 24,127 | 0.813% |

The net interest income of the Company and its subsidiaries accounted for 0.187% and 0.813% of the net operating income for the fiscal years 2022 and 2023, respectively. Due to the small proportion of these amounts relative to the overall operations of the Company, the impact of interest rate fluctuations on the Company's profit and loss is limited.

Response Measures:

In the future, the Company will continue to monitor changes in the domestic and international economic environment, closely track interest rate trends, and maintain good interaction with banks to obtain more favorable interest rates, thereby reducing the risk of interest rate fluctuations on the Company's profit and loss. The Company and its subsidiaries will also closely manage foreign exchange to respond to changes in foreign exchange rates.

2. Impact of Exchange Rate Fluctuations on Company Profit and Loss, and Future

Response Measures

The exchange gains (losses) of the Company and its subsidiaries for the latest fiscal year are presented in the table below:

Unit: NT\$'000, %

| Year Item | 2022 | 2023 |
|--------------------------------|--------|--------|
| | | |
| Exchange gains (losses) | 13,663 | 3,393 |
| Percentage of operating income | 0.465% | 0.114% |

The exchange gains (losses) of the Company and its subsidiaries for the fiscal years 2022 and 2023 were NT\$13,663,000 and NT\$3,393,000, respectively. The changes in exchange gains (losses) are mainly attributable to the year-end revaluation of foreign currency assets held by the Company and its subsidiaries.

Response Measures:

Aligned with the operational needs in various regions, the Company and its subsidiaries primarily transact in local currencies and US dollars. All payments or receipts are recorded using the prevailing spot exchange rates on the transaction date. To effectively mitigate the impact of exchange rate fluctuations on revenue and profitability, a moderate amount of US dollar positions in operating income is retained to offset US dollar purchasing expenses, thus achieving natural hedging and reducing the impact of exchange rate fluctuations. The Company will continue to monitor the global economic situation and exchange rate trends, understand market fund flow trends, and maintain close communication with partner banks to assess exchange rate trends as a reference for currency conversion, thereby mitigating the impact of exchange rate volatility on profitability and reducing exchange rate fluctuation risks.

3. Impact of Inflation on Company Profit and Loss, and Future Response Measures

The Company has not experienced significant impacts on profitability due to inflation in the past. However, we will continue to monitor changes in the global market and remain vigilant for any potential risks of inflation in the future.

Response Measures:

The Group will maintain close cooperation with suppliers and adjust procurement and supplier management strategies in a timely manner in response to market price fluctuations. This approach aims to minimize the potential damage to the Company's profit and loss caused by inflationary fluctuations.

(II) Policies, Main Reasons for Profit or Loss, and Future Response Measures for Engaging in High-Risk, High-Leverage Investments, Fund Lending, Endorsement Guarantees, and Derivative Trading

Adhering to prudent principles and a pragmatic approach to business operations, the Group focuses on the core business operations of the Company. In the event of engaging in fund lending, endorsement guarantees, and derivative trading, the Group will diligently adhere to the "Operating Procedures for Fund Lending to Others," "Operating Procedures for Endorsement Guarantees," and "Procedures

for Acquisition or Disposal of Assets" established by the Company. Additionally, the Group will comply with relevant laws and regulations by conducting public announcements and declarations of procedures as required.

(III) Future Research and Development Plans and Expected R&D Expenses

1. Future Research and Development Plans

Building upon our expertise in music streaming and multimedia technology accumulated over nearly two decades, our Group has established robust cloud software capabilities to deliver high-quality audiovisual experiences from content creators to audiences worldwide.

We will continue to focus on leading and differentiating in video streaming technology, including the development of next-generation video compression formats, key editing and intelligent playback features, ultra-high-resolution video generation, real-time enhancement of playback device image quality, and ultra-low transmission rate free-angle live broadcasting. These efforts aim to continuously improve streaming and peripheral auxiliary technologies, assisting customers in optimizing sensory experiences while saving bandwidth costs.

The recent widespread adoption of AI applications has also accelerated the upgrade of multimedia streaming and related technologies. This spans collaborative content production processes, effective management of content and data, precise analysis and forecasting of data and big data. Our company has applied AI to our proprietary and outsourced products for many years. Various modules such as search, recommendation, and prediction have been trained and enhanced with AI. In the future, we will continue to expand and develop AI applications in product scenarios, including automatic generation of personalized long and short video channel recommendations, content and context tagging, chapter classification, and key clipping, thereby continuously enhancing the application technology of multimedia technology and cloud intelligence.

Furthermore, the application of audiovisual multimedia-related technologies, in the era of ubiquitous connectivity, will extend beyond consumer entertainment media environments from physical to virtual, and even to integrated virtual and physical usage scenarios. It will also expand into

commercial settings and industrial process domains across various industries. Our Group, with cloud-based audiovisual technology as its core development focus, will continue to enhance streaming technology and software development. Additionally, we will allocate more research and development resources to AI-driven cloud and computing technologies. This will enable these technologies to be replicated in application scenarios across other industries, helping enterprises effectively address pain points in digital transformation and accelerating deployment in a more diverse range of usage areas.

2. Expected Research and Development Expenses

The Group plans to invest approximately NT\$384,196,000 in research and development for the fiscal year 2023. In the future, with the growth and expansion of our business, we will increase our investment in research and development to accelerate the pace of research and development and support future R&D project plans. In addition to utilizing internal resources for technical research and development, we will continue to recruit experienced and creative research and development talents to enhance our R&D capabilities and increase the Group's market competitiveness.

(IV) Impact of Significant Policy and Legal Changes at Home and Abroad on Company Financial Operations and Response Measures

The company is registered in the Cayman Islands, where it does not engage in substantial economic activities. Its main operational locations are in Taiwan and Japan. The execution of various business activities by the Group complies with significant domestic and foreign policies and regulations. We constantly monitor updates on important policy and legal changes in the countries and regions where we operate, and we proactively prepare for any potential impacts through various channels. In the event of any changes, we consult with relevant parties such as lawyers and accountants to assess and plan response measures promptly. We also adjust to market changes and take appropriate measures accordingly. As of the publication date of this annual report, there have been no significant impacts on the financial operations of the Group due to changes in important policies and laws in the Cayman Islands and the primary operational countries.

(V) Impact of Technological Changes (Including Cybersecurity Risks) and

Industry Changes on Company Financial Operations and Response Measures

The Group closely monitors technological changes and advancements relevant to its industry to stay abreast of industry dynamics and shifts. As of the publication date of this annual report, there have been no significant impacts on the financial operations of the Group due to technological changes or industry shifts.

(VI) Impact of Changes in Corporate Image on Corporate Crisis Management and Response Measures

The Group adheres to the principles of honesty, trustworthiness, and sustainable operation. Since its establishment, the Group has focused on core business operations, maintaining a positive corporate image and compliance with relevant laws and regulations. As of the latest fiscal year and the publication date of this prospectus, there have been no incidents of changes in corporate image leading to corporate crisis management issues.

(VII) Expected Benefits, Potential Risks, and Response Measures of Mergers and Acquisitions

On September 22, 2023, the Company signed a share purchase agreement with Taiwan Fixed Network Co., Ltd., expecting to acquire 100% equity of TAIWAN KURO TIMES CO., LTD. for a total transaction price not exceeding USD 30 million. This transaction is subject to approval from regulatory authorities such as the Investment Review Committee of the Ministry of Economic Affairs, and the actual delivery will be executed after obtaining the relevant regulatory approvals. The Group anticipates that this transaction will further expand the Group's product layout and customer base in the Taiwan market, leveraging the influence of the Taiwan music streaming market. Additionally, the long-term business cooperation resulting from this transaction will establish synergies with major domestic telecom channels, having a positive and long-term impact on shareholder equity. The aforementioned transaction has been approved by relevant resolutions of both companies and will be completed according to the established schedule for statutory matters, with no significant risks identified.

(VIII) Expected Benefits, Potential Risks, and Response Measures of Factory Expansion

As of the date of the annual report printing, the Group does not have any plans for factory expansion.

(IX) Risks and Response Measures for Concentrated Purchasing or Sales

1. Purchasing Aspect

The cost structure of the Group primarily consists of copyright costs for music works and network costs for cloud storage data. Therefore, purchasing items are also concentrated on record companies providing music copyrights and cloud suppliers providing cloud services. The following provides explanations for these two concentrated purchasing situations:

Copyright

The overseas music market possesses well-established mechanisms for copyright protection and royalty distribution. The three major record companies, Universal, Sony, and Warner, hold significant market concentration and occupy core positions in the industry chain, granting them strong bargaining power. Continuously expanding vertically and horizontally through mergers and acquisitions, the three major record companies form music conglomerates covering music publishing companies, record companies, record distribution companies, and record production companies, maintaining a monopoly in the industry. Therefore, under the current industry framework, all music streaming platforms must continually obtain complete copyright licenses from the three major record companies. The Group has maintained stable cooperative relationships with record companies for many years, and thus, the concentration of purchases from these major record companies is primarily due to industry characteristics.

Cloud

Currently, the global cloud platform market is dominated by three major cloud providers: Google Cloud Platform (GCP), Amazon Web Services (AWS), and Microsoft Azure (Azure). Due to high barriers to entry in terms of technology and capital, this sector exhibits high market concentration. The three major cloud service providers have been strategically positioned in the cloud platform domain for many years, developing comprehensive services spanning various areas including computing, storage, databases, networking, analytics, machine

learning and artificial intelligence (AI), Internet of Things (IoT), security, application development, deployment, and management. Similar to the aforementioned situation regarding copyright purchases, the concentration of purchases in cloud services is driven by industry characteristics and market positions. The Group has collaborated with public cloud providers and service providers for many years, maintaining stable and close business relationships. There have been no occurrences of supply shortages or interruptions, and thus, the risk associated with this concentration of purchases has not had a significant impact on the Group and its subsidiaries.

2. Sales Aspect

The Group's main business includes music streaming and multimedia technologies services. In the music streaming business, the primary sales targets are the audience (platform users) of the music streaming platforms. The receivables are collected through various channels, and strategic partnerships with well-known domestic and international telecommunications operators are established to rapidly expand the market. Consequently, there is concentration in sales to platform users and telecommunications operators.

While the Group experiences concentration in sales, it is due to the operational and industry characteristics of its businesses. Moreover, through long-term cooperation with telecommunications operators, both parties have established good cooperative relationships. The music streaming platforms operated by the Group, either independently or jointly, have become important means for telecommunications operators to attract users. Therefore, the risk of telecommunications operators reducing or ceasing business dealings with the Group is very low. Additionally, the Group will continue to introduce diversified product and service portfolios, actively develop new customers, expand its business scope, and strengthen its overseas business layout to increase revenue sources and reduce the risk of sales concentration.

(X) Impact, Risks, and Response Measures of Significant Transfer or Change in Ownership of Directors, Supervisors, or Shareholders Holding Over Ten Percent of Shares

There have been no significant transfers of share ownership or changes among the directors, supervisors, or shareholders holding over ten percent of shares in the Company. Therefore, there is no impact on the Company's management

rights and operations.

(XI) Impact, Risks, and Response Measures of Changes in Management Rights

As of the date of this annual report, there have been no changes in management rights that have affected the Company's operations.

(XII) Litigation or Non-Litigation Events

1. Regarding litigation, non-litigation, or administrative disputes that have been finalized or are currently pending within the last two fiscal years and up to the date of this annual report, which could have a significant impact on shareholder rights or security prices, the Company should disclose the disputed facts, the amount involved, the commencement date of the litigation, the main parties involved, and the current status of the proceedings: There are no such events.
2. Regarding directors, supervisors, general managers, substantial responsible persons, major shareholders holding over ten percent of shares, and subsidiary companies, for litigation, non-litigation, or administrative disputes that have been finalized or are currently pending within the last two fiscal years and up to the date of this annual report, which could have a significant impact on the Company's shareholder rights or security prices, the Company should disclose the disputed facts, the amount involved, the commencement date of the litigation, the main parties involved, and the current status of the proceedings: There are no such events.
3. Regarding directors, supervisors, executives, and major shareholders holding over ten percent of shares, for any violations of Article 157 of the Securities and Exchange Act that have occurred within the last two fiscal years and up to the date of this annual report, and the current status of the Company's handling: There are no such events.

VII Other Significant Risks and Response Measures

Risk of Shareholder Equity Protection

The laws of the British Virgin Islands differ from those of the Republic of China (Taiwan) in many respects. Although the Company has amended its articles of association in accordance with the "Foreign Issuer Checklist for Protection of Shareholders' Rights" of the Taiwan Stock Exchange, there are still many differences in the regulations governing the operation of the Company between

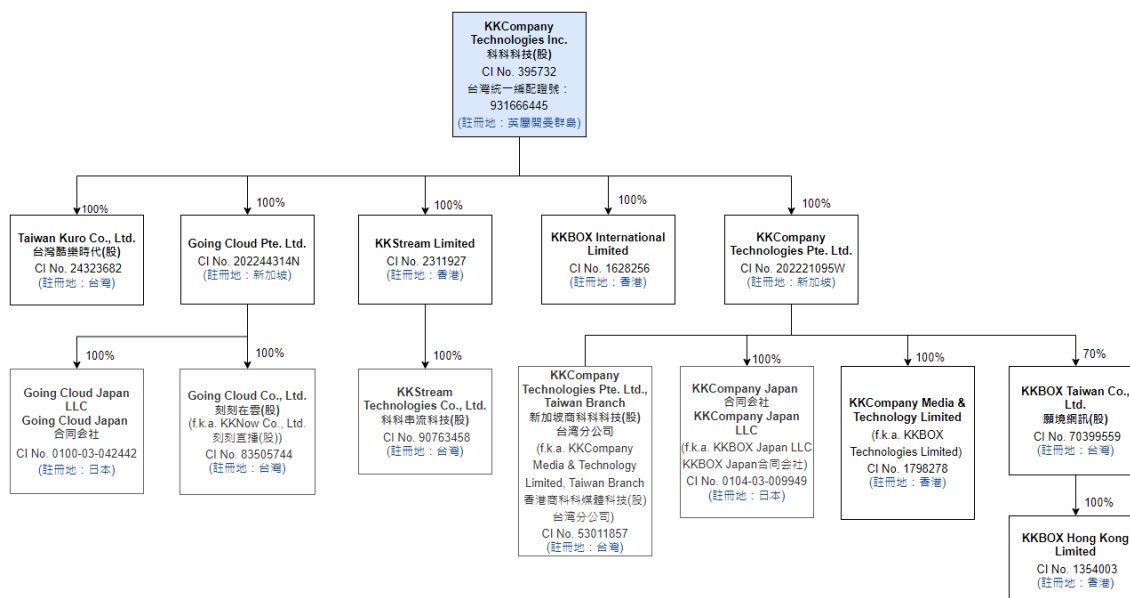
the two jurisdictions. Investors cannot apply the laws governing Taiwanese companies and the protection of shareholder rights from the perspective of investment in a British Virgin Islands company. Investors should fully understand and consult experts to determine whether there are any issues related to the protection of shareholder rights that cannot be obtained when investing in British Virgin Islands companies.

EIGHT. Special Note

I. Information on Related Companies

(I) Consolidated Financial Statements of Related Companies

1. Organizational Chart of Related Companies



Date: March 7, 2024

Note:

In accordance with the reorganization of the group structure, the following four companies have transferred their operations to subsidiary companies of the group before applying for listing and obtained approval from the Board of Directors of this company to proceed with deregistration action on March 7, 2024.

KKBOX International Limited

KKCompany Media & Technology Limited

KKStream Limited

KKStream Technologies Co., Ltd.

(II) Basic Information of Each Related Company

As of December 31, 2023; Unit: NT\$'000, Foreign Currency'000

| Company Name | Date of Establishment | Address | Paid-in Capital | Principal Business Operations |
|---|-----------------------|---|-----------------|---|
| KKCompany Technologies Pte. Ltd., Taiwan Branch (Singapore) | 2023/08/04 | 16th Floor, No. 16 Kunyang Street, Nangang District, Taipei City | NT\$ 43,800 | Software Information Processing and Electronic Information Supply Service |
| KKStream Limited | 2015/11/25 | Room G, 18th Floor, Manulife Tower, 15 Choi Yue Street, Kwun Tong, Kowloon, Hong Kong | US\$ 300 | Online Video Streaming Technology Support Service Business |
| KKCompany Technologies | 2021/5/18 | 16th Floor, No. 16 Kunyang Street, Nangang District, Taipei City | NT\$ 30,000 | Online Video Streaming Technology Support Service |
| KKCompany Japan Contract Company | 2012/10/10 | 6th Floor, Shibuya Toyo Building VI, 1-4-2 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan | JPY 2,294,770 | Software Information Processing and Electronic Information Supply Service |
| KKBOX International Limited | 2011/7/8 | Room G, 18th Floor, Manulife Tower, 15 Choi Yue Street, Kwun Tong, Kowloon, Hong Kong | HK\$ 256,142 | Investment Holdings |
| KKCompany Technologies Pte. Ltd. | 2022/6/17 | #26-01 Republic Plaza, 9 Raffles Place, Singapore 048619 | US\$ 17,478 | Software Information Processing and Electronic Information Supply Service |
| KKCompany Media & Technology Limited | 2012/9/10 | Room G, 18th Floor, Manulife Tower, 15 Choi Yue Street, Kwun Tong, Kowloon, Hong Kong | HK\$ 7,750 | Online Audio-Visual Streaming Technology Support Service |
| KKBOX Taiwan Co., Ltd. KKBOX Taiwan Co., Ltd. | 1999/9/7 | 16th Floor, No. 16 Kunyang Street, Nangang District, Taipei City, Taiwan | NT\$ 147,943 | Software Information Processing and Electronic Information Supply Service (Digital Music Service) |
| KKBOX Hong Kong Limited | 2009/7/20 | Room G, 18th Floor, Manulife Tower, 15 Choi Yue Street, Kwun Tong, Kowloon, Hong Kong | HK\$ 4,700 | Software Information Processing and Electronic Information Supply Service (Digital Music Service) |
| Going Cloud Co., Ltd. | 2020/02/03 | 16th Floor, No. 16 Kunyang Street, Nangang District, Taipei City, Taiwan | NT\$ 93,675 | Software Information Processing and Electronic Information Supply Service (Technical Consulting, Cloud Migration, and Artificial Intelligence Development Business) |
| Going Cloud Pte. Ltd. | 2022/12/13 | 9 Raffles Place, #26-01 Republic Plaza, Singapore (048619) | US\$ 4,200 | Software Information Processing and Electronic Information Supply Service (Technical Consulting, Cloud Migration, and Artificial Intelligence |

| | | | | |
|--------------------------------|------------|--|---|---|
| | | | | Development Business) |
| TAIWAN KURO TIMES CO., LTD. | 2009/2/11 | 16th Floor, No. 16 Kunyang Street, Nangang District, Taipei City, Taiwan | NT\$ 28,621 | Software Information Processing and Electronic Information Supply Service |
| Going Cloud Japan LLC (Note 2) | 2023/12/12 | 11th Floor, Nihonbashi Mitsui Building 3-1 Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan | Note: Registered establishment completed in December 2023, as of December 31, 2023, no capital injection has been made. | Software Information Processing and Electronic Information Supply Service |
| Firstory Co., Ltd. | 2020/5/14 | 12F-1, No. 76, Section 1, Zhongxiao East Road, Zhongzheng District, Taipei City | NT\$ 176 | Software Information Processing and Electronic Information Supply Service |

(III) Presumed identical shareholder information for entities deemed to have control or subsidiary relationships: None.

(IV) The industries covered and the division of labor among the overall related companies are detailed in the basic information of related companies in item 2.

(V) Names of directors, supervisors, and general managers of each related company, along with their shareholding or contribution to the company

As of December 31, 2023, Unit: NT\$'000; Thousand shares; %

| Company Name | Title | Name | Representative | Shareholding Percentage of Ownership (%) | |
|--------------------------------------|------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| | | | | Number of Shares | Percentage of Ownership (%) |
| KKStream Limited | Director Director | Wang, Hsien-Tang Kazuhiro Tani | - - | - - | - - |
| KKCompany Technologies | Chairman | Wang, Hsien-Tang | KKStream Limited | 3,000 | 100% |
| | Supervisor | Chen, Yen-Chen | KKStream Limited | 3,000 | 100% |
| KKCompany Japan LLC | Executive | Tay Yi Cheah | KKCompany Technologies Pte. Ltd. | N/A (Note1) | 100% |
| | Executive | Kazuhiro Tani | KKCompany Technologies Pte. Ltd. | N/A (Note1) | 100% |
| | Executive | Hiroto Matsuhashi | KKCompany Technologies Pte. Ltd. | N/A (Note1) | 100% |
| KKBOX International Limited | Director Director | Wang, Hsien-Tang Tay Yi Cheah | - - | - - | - - |
| KKCompany Technologies Pte. Ltd. | Director Director | Wang, Hsien-Tang Tay Yi Cheah | - - | - - | - - |
| KKCompany Media & Technology Limited | Director Director | Wang, Hsien-Tang Tay Yi Cheah | - - | - - | - - |
| KKBOX Taiwan Co., Ltd. | Chairman | Wang, Hsien-Tang | KKCompany Technologies Pte. Ltd. | 10,356 | 70% |
| | Director | Huang, Chia-Hung | KKCompany Technologies Pte. Ltd. | 10,356 | 70% |
| | Director | Tay Yi Cheah | KKCompany Technologies Pte. Ltd. | 10,356 | 70% |
| | Director and General Manager | Yeh, Chan-Yun | KKCompany Technologies Pte. Ltd. | 10,356 | 70% |
| | Director | Lin, Wen-Chih | Chunghwa Telecom Co., Ltd. | 4,438 | 30% |
| | Director Supervisor | Tsai, Min-Horng Chen, Yen-Chen | Chunghwa Telecom Co., Ltd. - | 4,438 - | 30% - |
| KKBOX Hong Kong Limited | Director Director | Wang, Hsien-Tang Tay Yi Cheah | - - | - - | - - |
| Going Cloud Co., Ltd. | Chairman Supervisor | Wang, Hsien-Tang Chen, Yen-Chen | - - | - - | - - |
| Going Cloud Pte. Ltd. | Director Director | Wang, Hsien-Tang Tay Yi Cheah | - - | - - | - - |
| TAIWAN KUROTIMES CO., LTD. | Chairman Supervisor | Wang, Hsien-Tang Yeh, Chan-Yun | - - | - - | - - |
| Going Cloud Japan LLC | Executive | Tay Yi Cheah | Going Cloud Pte. Ltd. | N/A (Note 2) | 100% |
| Firstory Co., Ltd. | Chairman | Yu, Tzu-Hsuan | - | 4,500 | 25.63% |

| Company Name | Title | Name | Representative | Shareholding Percentage of Ownership (%) | |
|--------------|------------|---------------|----------------------|---|-----------------------------|
| | | | | Number of Shares | Percentage of Ownership (%) |
| | Director | Ueng, Tzu-Hao | - | 2,500 | 14.24% |
| | Director | Chi, Yung-Yu | Going Cloud Pte. Ltd | 5,489 | 31.26% |
| | Supervisor | Shin, Tzu-Wei | - | 294 | 1.67% |

Note 1: The limited liability company has not issued shares.

Note 2: The limited liability company has not issued shares and has not been capitalized as of December 31, 2023.

II. Operating Overview of Each Related Enterprise

(I) Financial Condition and Operating Results of Related Enterprises

As of December 31, 2023; Unit: NT\$'000, Foreign Currency'000

| Company Name | Capital | Total Assets (Note 1) | Total Liabilities (Note 1) | Net Worth (Note 1) | Operating Revenue (Note 1) | Operating Profit/Loss (Note 1) | Net Profit for the Period (Note 1) | Earnings per Share (NT\$) (Note 1) |
|--------------------------------------|---------------|-----------------------|----------------------------|--------------------|----------------------------|--------------------------------|------------------------------------|------------------------------------|
| KKStream Limited | US\$ 300 | 645,919 | 45,987 | 600,004 | 683,638 | 93,693 | 95,524 | 318.41 |
| KKStream Technologies Co., Ltd. | NT\$ 30,000 | 30,133 | 20 | 30,133 | 0 | (1,188) | (791) | (0.26) |
| KKCompany Japan LLC | JPY 2,294,770 | 236,544 | 143,310 | 93,234 | 686,786 | (15,912) | (16,943) | N/A (Note 3) |
| KKBOX International Limited | HK\$ 256,142 | 4,614 | 8,257 | (3,643) | 7,213 | (2,835) | (2,647) | (0.01) |
| KKCompany Technologies Pte. Ltd. | US\$ 17,478 | 1,014,691 | 418,865 | 595,826 | 453,534 | 77,501 | 63,041 | 3.61 |
| KKCompany Media & Technology Limited | HK\$ 7,750 | 115,407 | 431 | 114,976 | 492,535 | 80,406 | 70,455 | 9.09 |
| KKBOX Taiwan Co., Ltd. | NT\$ 147,943 | 945,911 | 528,127 | 417,784 | 1,187,649 | (93,125) | (30,189) | (2.04) |
| KKBOX Hong Kong Limited | HK\$ 4,700 | 315,442 | 130,945 | 184,497 | 306,028 | 39,897 | 37,937 | 8.07 |
| Going Cloud Co., Ltd. | NT\$ 93,675 | 61,505 | 39,210 | 22,295 | 63,311 | (44,033) | (42,917) | (5.14) |
| Going Cloud Pte. Ltd. | US\$ 4,200 | 106,510 | 26,484 | 80,026 | 147,187 | 5,008 | (33,233) | (9.03) |
| TAIWAN KURO TIMES CO., LTD. | NT\$ 28,621 | 36,203 | 11,743 | 24,460 | 180,605 | (7,709) | (5,116) | (0.41) |
| Going Cloud Japan LLC | (Note 2) | 0 | 0 | 0 | 0 | 0 | 0 | N/A (Note 3) |
| Firstory Co., Ltd. | NT\$ 176 | 9,087 | 13,765 | (4,678) | 12,027 | (12,333) | (10,731) | (611.17) |

Note 1: For foreign companies among related enterprises, relevant figures should be presented in New Taiwan Dollars based on the exchange rate on the reporting date.

Note 2: Registration for the establishment was completed in December 2023, but as of December 31, 2023, no capital injection has been made.

Note 3: The limited liability company has not issued shares.

(II) Related party consolidated financial statements:

All relevant information required to be disclosed in the related party consolidated financial statements has been disclosed in the consolidated financial statements. Therefore, there is no need to prepare separate related party consolidated financial statements.

(III) Related party disclosure statement:

Representation Letter

The entities that are required to be included in the combined financial statements of KKCompany Technologies Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Report, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, KKCompany Technologies Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company Name: KKCompany Technologies Inc.

Chairman & CEO: Wang, Hsien-Tang

Date: May 31, 2024

- III. Regarding the handling of private securities in the most recent fiscal year and up to the date of printing of this annual report: None.
- IV. Regarding the holding or disposal of the company's stock by subsidiaries in the most recent fiscal year and up to the date of printing of this annual report: None.
- V. Other necessary supplementary explanations: None.

APPENDIX 1

AUDIT COMMITTEE'S REVIEW REPORT

KKCOMPANY

KKCompany Technologies Inc.
科科科技股份有限公司
Audit Committee's Review Report

To: Annual General Meeting for Year 2024, KKCompany Technologies Inc.

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of KKCompany Technologies Inc., the Business Report, Consolidated Financial Statements and Surplus Earnings Distribution proposal for Year 2023. The Consolidated Financial Statements have been duly audited by Certified Public Accountants Kuo-Ning Huang (黃國寧) and Chi-Ming Shao (邵志明) of Deloitte & Touche.

The above Business Report, Consolidated Financial Statements and Surplus Earnings Distribution proposal have been examined and determined to be correct and accurate by the undersigned. This report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman

-Signature-

Mr. Li, Jong-Peir 李鐘培

Date: March 07, 2024

APPENDIX 2

2023 CONSOLIDATED FINANCIAL
STATEMENTS OF THE COMPANY AUDITED
AND CERTIFIED BY CPAS

**KKCompany Technologies Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
KKCompany Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of KKCompany Technologies Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As disclosed in Note 1 to the consolidated financial statements, KKCompany Technologies Inc. was a subsidiary newly established by KKCompany Inc. in the fourth quarter of the year 2022. Due to the organization restructuring being under common control, the consolidated financial statements for the prior period are restated under the assumption that the Company and its related subsidiaries were consolidated and disposed of at the very beginning. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows.

Subscription Revenue Recognition of Music Streaming Service

The Group mainly provides music streaming services. Due to the reliance on data interfacing with the member subscription system for the accuracy and completeness of the subscription revenue recognition, the music streaming services subscription revenue for the year ended December 31, 2023 represented a significant portion of the consolidated revenue for the year. Therefore, we considered the subscription revenue of music streaming services is a key audit matter.

For the accounting policies related to music streaming service subscription revenue, refer to Note 4(m) to the consolidated financial statements.

Our audit procedures performed included the following:

1. We obtained an understanding of the controls on related system interfacing of music streaming services, evaluated the design of the controls and tested the operating effectiveness of such controls.
2. We tested the access control and change control of the member subscription system.
3. We performed tests of details.

Recognition and Measurement of Net Assets Acquired from the Acquisition of Taiwan Kuro Times Co., Ltd.

In order to expand the business scale, the Group acquired Taiwan Kuro Times Co., Ltd. in 2023. The purchase price was significant and the net assets acquired through purchase price allocation should be measured and recognized for their fair value. Those measurements were involved with judgments and estimates made by management; thus, the recognition and measurement of net assets acquired from the acquisition of Taiwan Kuro Times Co., Ltd. is considered a key audit matter, refer to Note 25.

Our audit procedures performed included the following:

1. We obtained the acquisition agreement and validated the details against the supporting documents.
2. We assessed the independence and eligibility of the external expert engaged by the management.
3. We reviewed the purchase price allocation report issued by the external expert engaged by the management, and assessed the rationalities of the methodology, assumptions and parameters applied by the external expert. We also confirmed the amounts recognized by the Company.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuo-Ning Huang and Chih-Ming Shao.

Kuo - Ning , Huang Chih-ming , Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| ASSETS | 2023 | | 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Note 6) | \$ 2,322,649 | 52 | \$ 1,131,369 | 48 |
| Financial assets at amortized cost (Note 8) | 136,275 | 3 | 137,786 | 6 |
| Contract assets (Notes 20 and 29) | - | - | 26,700 | 1 |
| Trade receivables (Notes 9 and 20) | 189,059 | 4 | 127,228 | 6 |
| Trade receivables from related parties (Notes 9, 20 and 29) | 279,765 | 6 | 318,419 | 14 |
| Other receivables | 6,027 | - | 359 | - |
| Other receivables from related parties (Note 29) | 1,770 | - | 7,438 | - |
| Current tax assets | 4,697 | - | 16,229 | 1 |
| Prepayments (Note 10) | 314,806 | 7 | 284,975 | 12 |
| Other current assets (Note 30) | 3,175 | - | 8,523 | - |
| Total current assets | 3,258,223 | 72 | 2,059,026 | 88 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss (Notes 7 and 28) | 7,374 | - | 7,645 | - |
| Plant, property and equipment (Note 12) | 23,243 | - | 14,751 | 1 |
| Right-of-use assets (Note 13) | 16,194 | - | 3,860 | - |
| Intangible assets (Note 14) | 796,636 | 18 | 219 | - |
| Goodwill (Note 15) | 263,890 | 6 | - | - |
| Deferred tax assets (Note 22) | 28,409 | 1 | 2,144 | - |
| Refundable deposits (Note 29) | 39,152 | 1 | 22,076 | 1 |
| Long-term prepayments (Note 10) | 82,602 | 2 | 227,331 | 10 |
| Net defined benefit assets (Note 18) | 4,366 | - | 5,423 | - |
| Total non-current assets | 1,261,866 | 28 | 283,449 | 12 |
| TOTAL | \$ 4,520,089 | 100 | \$ 2,342,475 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Contract liabilities (Notes 20 and 29) | \$ 96,393 | 2 | \$ 93,751 | 4 |
| Notes and trade payables | 569,890 | 13 | 782,398 | 34 |
| Trade payables to related parties (Note 29) | 7,508 | - | 7,670 | 1 |
| Other payables (Note 16) | 340,130 | 8 | 143,012 | 6 |
| Other payables to related parties (Note 29) | 3,616 | - | 3,516 | - |
| Current tax liabilities | 8,711 | - | 25,932 | 1 |
| Lease liabilities (Note 13) | 11,855 | - | 3,335 | - |
| Other current liabilities | 17,757 | - | 53,203 | 2 |
| Total current liabilities | 1,055,860 | 23 | 1,112,817 | 48 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Note 22) | 191,657 | 4 | 27,327 | 1 |
| Lease liabilities (Note 13) | 4,121 | - | 170 | - |
| Long-term other payables (Note 25) | 307,050 | 7 | - | - |
| Net defined benefit liabilities (Note 18) | 13,239 | 1 | 7,514 | - |
| Other non-current liabilities (Note 17) | 1,462 | - | - | - |
| Total non-current liabilities | 517,529 | 12 | 35,011 | 1 |
| Total liabilities | 1,573,389 | 35 | 1,147,828 | 49 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19) | | | | |
| Ordinary shares | 1,639,960 | 36 | 1,043,800 | 45 |
| Capital surplus | 1,455,614 | 32 | - | - |
| Retained earnings | | | | |
| Legal reserve | 3,134 | - | - | - |
| Unappropriated earnings | 100,627 | 2 | 31,341 | 1 |
| Total retained earnings | 103,761 | 2 | 31,341 | 1 |
| Other equity | (377,970) | (8) | (23,831) | (1) |
| Total equity attributable to owners of the Company | 2,821,365 | 62 | 1,051,310 | 45 |
| EQUITY ATTRIBUTABLE TO FORMER OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL | | | | |
| | - | - | 19,537 | 1 |
| EQUITY ATTRIBUTABLE TO SUBSEQUENT OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL | | | | |
| | - | - | (10,000) | (1) |
| NON-CONTROLLING INTERESTS (Note 19) | | | | |
| | 125,335 | 3 | 133,800 | 6 |
| Total equity | 2,946,700 | 65 | 1,194,647 | 51 |
| TOTAL | \$ 4,520,089 | 100 | \$ 2,342,475 | 100 |

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

| | 2023 | | 2022 | |
|--|------------------|-----------|------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 20 and 29) | \$ 2,968,042 | 100 | \$ 2,939,399 | 100 |
| OPERATING COSTS (Notes 21 and 29) | <u>1,828,321</u> | <u>62</u> | <u>1,775,925</u> | <u>60</u> |
| GROSS PROFIT | <u>1,139,721</u> | <u>38</u> | <u>1,163,474</u> | <u>40</u> |
| OPERATING EXPENSES (Notes 21 and 29) | | | | |
| Selling and marketing expenses | 216,400 | 7 | 172,564 | 6 |
| General and administrative expenses | 487,713 | 16 | 512,851 | 17 |
| Research and development expenses | 372,191 | 13 | 284,311 | 10 |
| Expected credit loss | <u>128</u> | <u>-</u> | <u>772</u> | <u>-</u> |
| Total operating expenses | <u>1,076,432</u> | <u>36</u> | <u>970,498</u> | <u>33</u> |
| INCOME FROM OPERATIONS | <u>63,289</u> | <u>2</u> | <u>192,976</u> | <u>7</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 21 and 29) | | | | |
| Interest income | 24,127 | 1 | 5,494 | - |
| Other income | 2,681 | - | 21,215 | 1 |
| Other gains and losses | 5,202 | - | 15,049 | - |
| Financial costs | (369) | - | (113) | - |
| Share of loss of associate accounted for using the equity method | <u>(2,988)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total non-operating income and expenses | <u>28,653</u> | <u>1</u> | <u>41,645</u> | <u>1</u> |
| INCOME BEFORE INCOME TAX | 91,942 | 3 | 234,621 | 8 |
| INCOME TAX EXPENSE (Note 22) | <u>(12,886)</u> | <u>-</u> | <u>(44,889)</u> | <u>(2)</u> |
| NET INCOME FOR THE YEAR | <u>79,056</u> | <u>3</u> | <u>189,732</u> | <u>6</u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurements of the net defined benefits plans | (6,294) | - | 21,817 | - |
| Exchange differences on translation to the presentation currency | (48,317) | (2) | 55,823 | 2 |
| Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22) | 2,767 | - | (4,363) | - |

(Continued)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|---|------------------|------------|-------------------|----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of foreign financial statements | \$ (18,388) | (1) | \$ (14,534) | - |
| Share of the other comprehensive income of associates accounted for using the equity method | <u>43</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other comprehensive income for the year | <u>(70,189)</u> | <u>(3)</u> | <u>58,743</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 8,867</u> | <u>-</u> | <u>\$ 248,475</u> | <u>8</u> |
| NET INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 95,529 | 3 | \$ 28,035 | 1 |
| Former owner of business combination under common control | (7,416) | - | 149,414 | 5 |
| Subsequent owner of business combination under common control | - | - | 1,071 | - |
| Non-controlling interests | <u>(9,057)</u> | <u>-</u> | <u>11,212</u> | <u>-</u> |
| | <u>\$ 79,056</u> | <u>3</u> | <u>\$ 189,732</u> | <u>6</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 25,681 | 1 | \$ 57,456 | 2 |
| Former owner of business combination under common control | (7,416) | - | 172,569 | 6 |
| Subsequent owner of business combination under common control | - | - | 953 | - |
| Non-controlling interests | <u>(9,398)</u> | <u>(1)</u> | <u>17,497</u> | <u>-</u> |
| | <u>\$ 8,867</u> | <u>-</u> | <u>\$ 248,475</u> | <u>8</u> |
| EARNINGS PER SHARE (Note 23) | | | | |
| Basic | <u>\$ 0.66</u> | | <u>\$ 1.71</u> | |
| Diluted | <u>\$ 0.66</u> | | <u>\$ 1.71</u> | |

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

(Concluded)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

| | Equity Attribute to Owners of the Company (Note 19) | | | | | | | | Equity | | | |
|---|---|---------------------|---------------------|-------------------|----------------------------|--|--------------------------------------|---------------------|--|---|------------------------------|---------------------|
| | Shares (In Thousands) | Capital Amount | Capital Surplus | Retained Earnings | | Exchange Differences on Translation of Foreign Financial Statements | Unearned Employee Compensation | Total | Equity Attributable to Former Owner of Business Combination under Common Control | Attributable to Subsequent Owner of Business Combination under Common Control | Non-controlling Interests | Total Equity |
| | | | | Legal Reserve | Unappropriated Earnings | | | | | | | |
| BALANCE AT JANUARY 1, 2022 | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 809,050 | \$ 1,750 | \$ 116,303 | \$ 927,103 |
| Issuance of ordinary shares | 620 | 6,199 | - | - | (21) | - | - | 6,178 | - | - | - | 6,178 |
| Adjustment for the changes in equity attributable to former owner of business combination under common control | - | - | - | - | - | - | - | - | 15,445 | - | - | 15,445 |
| Adjustment for the changes in equity attributable to subsequent owner of business combination under common control | - | - | - | - | - | - | - | - | - | (3,000) | - | (3,000) |
| Net income for the year ended December 31, 2022 | - | - | - | - | 28,035 | - | - | 28,035 | 149,414 | 1,071 | 11,212 | 189,732 |
| Other comprehensive income for the year ended December 31, 2022 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,374</u> | <u>15,047</u> | <u>-</u> | <u>29,421</u> | <u>23,155</u> | <u>(118)</u> | <u>6,285</u> | <u>58,743</u> |
| Total comprehensive income for the year ended December 31, 2022 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,409</u> | <u>15,047</u> | <u>-</u> | <u>57,456</u> | <u>172,569</u> | <u>953</u> | <u>17,497</u> | <u>248,475</u> |
| Organization restructure | <u>103,760</u> | <u>1,037,601</u> | <u>-</u> | <u>-</u> | <u>(11,047)</u> | <u>(38,878)</u> | <u>-</u> | <u>987,676</u> | <u>(977,527)</u> | <u>(9,703)</u> | <u>-</u> | <u>446</u> |
| BALANCE AT DECEMBER 31, 2022 | 104,380 | 1,043,800 | - | - | 31,341 | (23,831) | - | 1,051,310 | 19,537 | (10,000) | 133,800 | 1,194,647 |
| Appropriation of 2022 earnings Legal reserve | - | - | - | 3,134 | (3,134) | - | - | - | - | - | - | - |
| Issuance of ordinary shares | 56,520 | 565,200 | 1,187,500 | - | (3,928) | - | - | 1,748,772 | - | - | - | 1,748,772 |
| Acquisition of associate (Note 29) | - | - | - | - | (7,409) | - | - | (7,409) | - | - | - | (7,409) |
| Disposal of subsidiary (Note 26) | - | - | - | - | (4,738) | 6,602 | - | 1,864 | - | - | - | 1,864 |
| Share-based payment transactions (Note 24) | 3,096 | 30,960 | 268,114 | - | - | - | (292,656) | 6,418 | - | - | - | 6,418 |
| Net income (loss) for the year ended December 31, 2023 | - | - | - | - | 95,529 | - | - | 95,529 | (7,416) | - | (9,057) | 79,056 |
| Other comprehensive income (loss) for the year ended December 31, 2023 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,331)</u> | <u>(66,517)</u> | <u>-</u> | <u>(69,848)</u> | <u>-</u> | <u>-</u> | <u>(341)</u> | <u>(70,189)</u> |
| Total comprehensive income (loss) for the year ended December 31, 2023 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>92,198</u> | <u>(66,517)</u> | <u>-</u> | <u>25,681</u> | <u>(7,416)</u> | <u>-</u> | <u>(9,398)</u> | <u>8,867</u> |
| Organization restructure | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,703)</u> | <u>(1,568)</u> | <u>-</u> | <u>(5,271)</u> | <u>(12,121)</u> | <u>10,000</u> | <u>933</u> | <u>(6,459)</u> |
| BALANCE AT DECEMBER 31, 2023 | <u>163,996</u> | <u>\$ 1,639,960</u> | <u>\$ 1,455,614</u> | <u>\$ 3,134</u> | <u>\$ 100,627</u> | <u>\$ (85,314)</u> | <u>\$ (292,656)</u> | <u>\$ 2,821,365</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 125,335</u> | <u>\$ 2,946,700</u> |

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|-----------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 91,942 | \$ 234,621 |
| Adjustments for: | | |
| Depreciation expense | 39,242 | 19,129 |
| Amortization expense | 2,644 | 5,688 |
| Expected credit loss | 128 | 772 |
| Net loss (gain) on fair value changes of financial assets at fair value through profit or loss | 271 | (1,455) |
| Financial costs | 369 | 113 |
| Interest income | (24,127) | (5,494) |
| (Gain) loss on disposal of plant, property and equipment | (26) | 49 |
| Share of loss of associate accounted for using the equity method | 2,988 | - |
| Compensation cost of share-based payment transactions | 6,418 | - |
| Impairment loss on prepayments | 6,419 | - |
| Changes in operating assets and liabilities | | |
| Contract assets | 26,700 | (26,700) |
| Trade receivables | (59,823) | 28,084 |
| Trade receivables from related parties | 38,654 | (41,828) |
| Other receivables | 150 | 98 |
| Other receivables from related parties | 5,378 | (6,387) |
| Prepayments | 172,470 | (244,369) |
| Other current assets | 6,348 | 967 |
| Contract liabilities | 1,250 | (16,429) |
| Notes and trade payables | (216,354) | 56,181 |
| Trade payables to related parties | (137) | (2,004) |
| Other payables | 38,202 | (5,246) |
| Other payables to related parties | 100 | (15,938) |
| Other current liabilities | (35,428) | 42,467 |
| Net defined benefit assets/liabilities | 489 | 1,176 |
| Cash generated from operations | 104,267 | 23,495 |
| Interest received | 24,127 | 5,494 |
| Interest paid | (369) | (113) |
| Income tax paid | (34,665) | (33,734) |
| Net cash generated from (used in) operating activities | 93,360 | (4,858) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease of financial assets at amortized cost | 1,511 | 25,205 |
| Acquisition of associate | (8,892) | - |
| Net cash outflow on acquisition of subsidiaries | (440,649) | - |
| Net cash inflow from disposal of subsidiary | 4,443 | - |
| Prepayments for investments | (61,410) | - |
| Payments for plant, property and equipment | (18,910) | (4,376) |
| Proceeds from disposal of plant, property and equipment | 75 | 187 |

(Continued)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Payments for intangible assets | \$ (7,591) | \$ (262) |
| Increase in refundable deposits | <u>(17,089)</u> | <u>(92)</u> |
| Net cash (used in) generated from investing activities | <u>(548,512)</u> | <u>20,662</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of ordinary shares | 1,748,772 | - |
| Adjustment for the changes in equity attributable to former owner of business combination under common control | - | 15,445 |
| Adjustment for the changes in equity attributable to subsequent owner of business combination under common control | - | (3,000) |
| Organization restructure | (6,169) | - |
| Repayment of lease liabilities | <u>(26,737)</u> | <u>(6,535)</u> |
| Net cash generated from financing activities | <u>1,715,866</u> | <u>5,910</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS | <u>(69,434)</u> | <u>41,456</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,191,280 | 63,170 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>1,131,369</u> | <u>1,068,199</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 2,322,649</u> | <u>\$ 1,131,369</u> |

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

(Concluded)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

KKCompany Technologies Inc. (the “Company”) was established on November 23, 2022 in the Cayman Islands for the purpose of applying for listing on the Taiwan Stock Exchange Corporation.

The Company and its subsidiaries (collectively referred to as the “Group”) primarily provide music streaming services and multimedia services.

Starting in September 2022, the Company underwent an organizational restructure within the group. The steps for investment structure adjustments are as follows:

- a. In September 2022, KKCompany Inc. purchased 100% equity of KKLIVE Limited, Going Cloud Co., Ltd., KKCompany Media & Technology Limited, KKBOX (Malaysia) Sdn. Bhd., KKBOX Thailand Co., Ltd., and 70% equity of KKBOX Taiwan Co., Ltd. from KKBOX International Limited, KKBOX International Limited also reduced its capital by the same amount and returned it to KKCompany Inc.
- b. In September 2022, KKStream Limited regarded its subsidiary KKCompany Japan LLC as dividends and distributed to KKCompany Inc.
- c. In September 2022, KKCompany Inc. established KKCompany Media & Technology Pte. Ltd. by offering its 100% subsidiaries, KKCompany Media & Technology Limited, KKBOX (Malaysia) Sdn. Bhd., KKCompany Japan LLC, and its 70% subsidiaries, KKBOX Taiwan Co., Ltd., and US\$500 thousand as share capital.
- d. In November 2022, KKCompany Inc. established the Company and offered its subsidiaries, KKCompany Media & Technology Pte. Ltd., KKStream Limited, and KKBOX International Limited, as share capital.
- e. In December 2022, the Company established the subsidiary Going Cloud Pte. Ltd. with a capital of US\$1.
- f. In December 2022, KKBOX International Limited sold 100% equity of KKBOX Beijing Co., Ltd. to KKCompany Inc.
- g. In February 2023, KKBOX Taiwan Co., Ltd. sold the Longhumen music brand and related businesses to KKCulture Co., Ltd., a subsidiary of KKCompany Inc.
- h. In March 2023, Going Cloud Pte. Ltd. purchased 100% equity in Going Cloud Co., Ltd. from KKCompany Inc.
- i. In June 2023, KKCompany Technologies Pte. Ltd. acquired all the business of KKBOX (Malaysia) Sdn. Bhd. and subsequently sold the 100% equity of KKBOX (Malaysia) Sdn. Bhd. to KKCompany Inc.

After completing the organization's restructuring, the Company became the ultimate parent company. As the aforementioned organizational restructuring was made under common control, the financial statements accounted for the carrying amounts, and the prior period was restated under the assumption that the Company and its related subsidiaries were consolidated/deconsolidated at the very beginning.

The application for the listing of the Company's stock on the Taiwan Stock Exchange Corporation was approved by the board of directors of the Taiwan Stock Exchange Corporation on December 19, 2023.

The functional currency of the Company is the U.S. dollar. However, as the Company's stocks are traded on the Taiwan Stock Exchange Corporation, for greater comparability and consistency of the financial statements, the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of the aforementioned standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|--|
| Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback" | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements" | January 1, 2024 (Note 3) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of aforementioned standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information” | January 1, 2023 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for the financial instruments, which are measured at fair value, and the net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

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

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

The transactions of group restructure under common control are accounted for using the carrying amounts of the entities, and the prior period in the consolidated financial statements are prepaid under the assumption that the Company and its related subsidiaries were consolidated or disposed at the very beginning.

In preparing the consolidated comparative balance sheet, the equity held by the original shareholders of the subsidiaries was attributable to "Equity attributable to former owner of business combination under common control" and deducted from "Equity attributable to subsequent owner of business combination under common control". In preparing the consolidated comparative income statement, the profit or loss recognized by the original shareholders of the subsidiaries was attributable to "Income attributable to former owner of business combination under common control" and deducted from "Income attributable to subsequent owner of business combination under common control."

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated in the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies that are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group from functional currencies to the presentation currency, were not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of joint control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured at cost less accumulated amortization and accumulated impairment loss.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization expense or depreciation expense) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as FVTPL. Financial assets mandatorily classified as at FVTPL are debt instruments that do not meet the amortized cost criteria.

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

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables (including related parties) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits that have a short maturity of three months or less from the date of acquisition, and are highly liquid, readily convertible to known amounts in cash and the risk of changes in value is insignificant. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets held by the Group is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognized financial liabilities

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

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Subscription revenue

The Group provides music streaming services and multimedia services to subscription users and recognizes revenue by reference to the stage of completion of the contract over the service period. The advanced receipts obtained before services are rendered are recognized as contract liabilities and reclassified as revenues when services are rendered over the service period.

2) Solution revenue

The Group provides development and maintenance services for technical support of video streaming, customers simultaneously obtain and consume the benefit provided by the Group's performance, and the relevant revenue is recognized when the services are provided. The Group measures the progress of services for development based on the percentage of incurred man-hours in the estimated total man-hours. The Group recognizes the service income as contract assets when the service is provided and transfers it to accounts receivable when the service is completed.

3) Other revenue

The Group provides advertising services on the music streaming platform and obtains sponsorship revenue from music streaming marketing events. The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

n. Leases

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments that depend on an index or a rate. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs or in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant and measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

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

q. Share-based payment arrangement

Restricted shares for employees granted to employees

Restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimate of the number expected to ultimately vest, with a corresponding adjustment in other equity - unearned employee compensation.

When restricted shares for employees are issued, other equity - unearned employee compensation is recognized on the grant date, with a corresponding increase in capital surplus - employee restricted shares.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (or refundable) is based on taxable profit (or loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---------------------|---------------------|
| | 2023 | 2022 |
| Cash on hand | \$ 236 | \$ 209 |
| Checking accounts and demand deposits | 1,970,323 | 813,938 |
| Cash equivalents (time deposits with original maturities of 3 months or less) | <u>352,090</u> | <u>317,222</u> |
| | <u>\$ 2,322,649</u> | <u>\$ 1,131,369</u> |

The market interest rate intervals of cash in banks and cash equivalents at the end of the year were as follows:

| | December 31 | |
|--|--------------|--------------|
| | 2023 | 2022 |
| Demand deposits | 0.001%-4.00% | 0.001%-2.98% |
| Cash equivalents | | |
| Time deposits with original maturities of 3 months or less | 1.10%-5.00% | 0.975%-4.45% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|-----------------|-----------------|
| | 2023 | 2022 |
| Financial assets mandatorily classified as at FVTPL | | |
| Convertible note | <u>\$ 7,374</u> | <u>\$ 7,645</u> |

8. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| Time deposits with original maturities of more than 3 months | <u>\$ 136,275</u> | <u>\$ 137,786</u> |

As of December 31, 2023 and 2022, the interest rates for time deposits with original maturities of more than 3 months were 1.1%-1.3% and 1.175%-2.5%, respectively.

9. TRADE RECEIVABLES, NET (INCLUDING THOSE FROM RELATED PARTIES)

| | December 31 | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| At amortized cost | | |
| Trade receivables | \$ 189,296 | \$ 128,321 |
| Trade receivables from related parties | 279,765 | 318,419 |
| Less: Allowance for impairment loss | <u>(237)</u> | <u>(1,093)</u> |
| | <u>\$ 468,824</u> | <u>\$ 445,647</u> |

The average credit period for accounts receivable ranges from 30 to 90 days. The Group has established a dedicated department to manage accounts receivable, formulated relevant management procedures, implemented credit investigations and credit limit management to ensure the interests of the Group.

The Group adopts the simplified approach of IFRS 9 to measure the loss allowance for the accounts receivable at an amount equal to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the customer and the customer's financial position. The group comprehensively considers factors such as the aging of accounts receivable, customer ratings and accounts receivable preservation mechanisms to determine the expected credit loss rate. The expected credit loss rate as of December 31, 2023 is between 0.01% and 100%. However, if an assessment indicates that the counterparty is facing severe financial difficulties and the Group cannot reasonably expect to recover the amount, the group recognizes a 100% of allowance for credit losses. Nevertheless, the Group continues to recover the amounts, and any amounts recovered through the process are recognized in the profit or loss.

The aging of trade receivables (including those from related parties) were as follows:

| | December 31 | |
|--------------------------------|--------------------|-------------------|
| | 2023 | 2022 |
| Not past due | \$ 447,447 | \$ 436,323 |
| Overdue 1-90 days | 19,154 | 2,001 |
| Overdue 91-180 days | 2,116 | 5,513 |
| Overdue over 181 days | <u>344</u> | <u>2,903</u> |
| Gross carrying amount | 469,061 | 446,740 |
| Loss allowance (Lifetime ECLs) | <u>(237)</u> | <u>(1,093)</u> |
| Amortized cost | <u>\$ 468,824</u> | <u>\$ 445,647</u> |

The movements of the loss allowance of trade receivables (including those from related parties) were as follows:

| | For the Year Ended December 31 | |
|--|---------------------------------------|-----------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 1,093 | \$ 307 |
| Add: Expected credit loss | 128 | 772 |
| Less: Amounts written off | (938) | - |
| Effects of foreign currency exchange differences | <u>(46)</u> | <u>14</u> |
| Balance at December 31 | <u>\$ 237</u> | <u>\$ 1,093</u> |

10. PREPAYMENTS

| | December 31 | |
|-------------------------------|--------------------|-------------------|
| | 2023 | 2022 |
| <u>Current</u> | | |
| Prepaid content royalties | \$ 233,355 | \$ 147,438 |
| Prepaid cloud computing costs | 28,664 | 126,237 |
| Other | <u>52,787</u> | <u>11,300</u> |
| | <u>\$ 314,806</u> | <u>\$ 284,975</u> |

(Continued)

| | December 31 | |
|----------------------------|--------------------|-------------------|
| | 2023 | 2022 |
| <u>Non-current</u> | | |
| Prepaid content royalties | \$ - | \$ 227,331 |
| Prepayment for investments | 61,410 | - |
| Other | <u>21,192</u> | <u>-</u> |
| | <u>\$ 82,602</u> | <u>\$ 227,331</u> |
| | | (Concluded) |

The Group assessed that a part of prepaid content royalties has no future economic benefits; therefore, the recognized impairment loss was \$6,419 thousand in operating costs for the year ended December 31, 2023.

In order to expand streaming technology and business development of the Group, and to strengthen the cooperation with a non-related party, Trend Micro Incorporation, the Group signed a business transfer contract in August 2023, with an estimated consideration of US\$4,000 thousand, to obtain a specific business of Trend Micro Incorporation. As of December 31, 2023, the prepayment for the acquisition was \$61,410 thousand (US\$2,000 thousand). On January 15, 2024, the business transfer has completed and paid the final payment of US\$2,000 thousand.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements.

| Investor | Investee | Main Business | Combined Shareholding Ratio (%) | | Note |
|-----------------------------------|--------------------------------------|---|---------------------------------|------|------|
| | | | December 31 | | |
| | | | 2023 | 2022 | |
| KKCompany Technologies Inc. | KKCompany Technologies Pte., Ltd. | Software information processing, electronic information supply services, online audio and video streaming technology support services | 100 | 100 | |
| | KKBOX International Limited | Investment | 100 | 100 | e. |
| | KKStream Limited | Providing technical and related services for online video applications | 100 | 100 | e. |
| | Going Cloud Pte., Ltd. | Software information processing and electronic information supply services | 100 | 100 | |
| | Taiwan Kuro Times Co., Ltd. | Software information processing and electronic information supply services | 100 | - | a. |
| KKCompany Technologies Pte., Ltd. | KKBOX Taiwan Co., Ltd. | Software information processing and electronic information supply services | 70 | 70 | |
| | KKCompany Media & Technology Limited | Providing technical and related services for online video applications | 100 | 100 | e. |
| | KKBOX (Malaysia) Sdn. Bhd. | Software information processing and electronic information supply services | - | 100 | b. |
| | KKCompany Japan LLC | Software information processing and electronic information supply services | 100 | 100 | |
| KKStream Limited | KKStream Technologies Co., Ltd. | Software information processing and electronic information supply services | 100 | 100 | e. |
| Going Cloud Pte., Ltd. | Going Cloud Co., Ltd. | Software information processing and electronic information supply services | 100 | 100 | c. |
| | Going Cloud Japan LLC | Software information processing and electronic information supply services | - | - | d. |
| KKBOX Taiwan Co., Ltd. | KKBOX Hong Kong Limited | Software information processing and electronic information supply services | 100 | 100 | |

- a. In September 2023, the Company's board of directors resolved to acquire 100% equity of Taiwan Kuro Times Co., Ltd. from a non-related party. The transaction date is December 29, 2023, please refer to Note 25.

- b. In June 2023, KKCompany Technologies Pte. Ltd. acquired all the business of KKBOX (Malaysia) Sdn., Bhd. and subsequently sold its 100% equity in KKBOX (Malaysia) Sdn., Bhd. to KKCompany Inc. Please refer to Note 26.
- c. In March 2023, Going Cloud Pte., Ltd. purchased 100% equity in Going Cloud Co., Ltd. from KKCompany Inc.
- d. In order to expand cloud operational business, the Group established a new subsidiary in December 2023; however, capital injection has not been made as of December 31, 2023.
- e. On March 7, 2023, in order to enhance operational efficiency and diversify regional risks, the Company's board of directors resolved to liquidate KKBOX International Limited, KKStream Limited, KKCompany Media & Technology Limited, and KKStream Technologies Co., Ltd.

The financial statements of subsidiaries included in the consolidated financial statements were audited.

12. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold Improvements | Computer Communication Equipment | Office Equipment | Total |
|--|-----------------------------------|---|-----------------------------|---------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 28,625 | \$ 153,735 | \$ 5,083 | \$ 187,443 |
| Additions | 300 | 14,983 | 3,627 | 18,910 |
| Disposals | (6,426) | (31,428) | (3,332) | (41,186) |
| Acquisitions through business combinations (Note 25) | - | 15,474 | 24 | 15,498 |
| Effect of foreign currency exchange differences | <u>(208)</u> | <u>(64)</u> | <u>(104)</u> | <u>(376)</u> |
| Balance at December 31, 2023 | <u>\$ 22,291</u> | <u>\$ 152,700</u> | <u>\$ 5,298</u> | <u>\$ 180,289</u> |
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2023 | \$ (26,538) | \$ (142,043) | \$ (4,111) | \$ (172,692) |
| Depreciation expense | (557) | (11,296) | (544) | (12,397) |
| Disposals | 6,426 | 31,379 | 3,332 | 41,137 |
| Acquisitions through business combinations (Note 25) | - | (13,229) | (24) | (13,253) |
| Effect of foreign currency exchange differences | <u>84</u> | <u>31</u> | <u>44</u> | <u>159</u> |
| Balance at December 31, 2023 | <u>\$ (20,585)</u> | <u>\$ (135,158)</u> | <u>\$ (1,303)</u> | <u>\$ (157,046)</u> |
| Carrying amount at December 31, 2023 | <u>\$ 1,706</u> | <u>\$ 17,542</u> | <u>\$ 3,995</u> | <u>\$ 23,243</u> |

(Continued)

| | Leasehold Improvements | Computer Communication Equipment | Office Equipment | Total |
|--|-----------------------------------|---|-----------------------------|---------------------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2022 | \$ 34,523 | \$ 223,619 | \$ 12,737 | \$ 270,879 |
| Additions | 623 | 3,002 | 751 | 4,376 |
| Disposals | (6,433) | (72,858) | (8,352) | (87,643) |
| Effect of foreign currency exchange differences | <u>(88)</u> | <u>(28)</u> | <u>(53)</u> | <u>(169)</u> |
| Balance at December 31, 2022 | <u>\$ 28,625</u> | <u>\$ 153,735</u> | <u>\$ 5,083</u> | <u>\$ 187,443</u> |
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2022 | \$ (32,242) | \$ (203,548) | \$ (12,167) | \$ (247,957) |
| Depreciation expense | (654) | (11,321) | (283) | (12,258) |
| Disposals | 6,321 | 72,799 | 8,287 | 87,407 |
| Effect of foreign currency exchange differences | <u>37</u> | <u>27</u> | <u>52</u> | <u>116</u> |
| Balance at December 31, 2022 | <u>\$ (26,538)</u> | <u>\$ (142,043)</u> | <u>\$ (4,111)</u> | <u>\$ (172,692)</u> |
| Carrying amount at December 31, 2022 | <u>\$ 2,087</u> | <u>\$ 11,692</u> | <u>\$ 972</u> | <u>\$ 14,751</u> (Concluded) |

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| <u>Category</u> | <u>Useful Life</u> |
|----------------------------------|--------------------|
| Leasehold improvements | 3 years |
| Computer communication equipment | 2-6 years |
| Office equipment | 2-15 years |

13. LEASE ARRANGEMENTS

a. Right-of-use assets

| | <u>December 31</u> | |
|------------------------|--------------------|-----------------|
| | <u>2023</u> | <u>2022</u> |
| <u>Carrying amount</u> | | |
| Office | <u>\$ 16,194</u> | <u>\$ 3,860</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|-----------------|
| | 2023 | 2022 |
| Additions to right-of-use assets | <u>\$ 39,429</u> | <u>\$ 949</u> |
| Depreciation charge for right-of-use assets | | |
| Office | <u>\$ 26,845</u> | <u>\$ 6,871</u> |
| b. Lease liabilities | | |

| | December 31 | |
|------------------------|--------------------|-----------------|
| | 2023 | 2022 |
| <u>Carrying amount</u> | | |
| Current | <u>\$ 11,855</u> | <u>\$ 3,335</u> |
| Non-current | <u>\$ 4,121</u> | <u>\$ 170</u> |

Range of discount rates for lease liabilities was as follows:

| | December 31 | |
|--------|--------------------|-------------|
| | 2023 | 2022 |
| Office | 1.55%-2.5% | 1.55%-1.8% |

c. Material leasing activities and terms

The Group leases buildings for the use of offices with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2023 | 2022 |
| Expenses relating to short-term leases | <u>\$ 10,644</u> | <u>\$ 29,371</u> |
| Expenses relating to low-value asset leases | <u>\$ 5</u> | <u>\$ 12</u> |
| Total cash outflow for leases | <u>\$ 37,755</u> | <u>\$ 36,031</u> |

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

| | December 31 | |
|-------------------|--------------------|-------------|
| | 2023 | 2022 |
| Lease commitments | <u>\$ 584,258</u> | <u>\$ -</u> |

14. INTANGIBLE ASSETS

| | Contract Value | Customer List | Customer Relationship | Computer Software | Other | Total |
|--|-------------------|-------------------|--------------------------|----------------------|-----------------|--------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ - | \$ - | \$ 7,146 | \$ 322 | \$ 7,468 |
| Additions | - | - | - | 6,605 | 986 | 7,591 |
| Disposals | - | - | - | (6,544) | - | (6,544) |
| Acquisitions through business combinations (Note 25) | 52,000 | 123,000 | 616,000 | 20,798 | - | 811,798 |
| Effects of foreign currency exchange differences | - | - | - | 3 | (20) | (17) |
| Balance at December 31, 2023 | <u>\$ 52,000</u> | <u>\$ 123,000</u> | <u>\$ 616,000</u> | <u>\$ 28,008</u> | <u>\$ 1,288</u> | <u>\$ 820,296</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ - | \$ - | \$ (6,970) | \$ (279) | \$ (7,249) |
| Amortization expenses | - | - | - | (2,586) | (58) | (2,644) |
| Disposals | - | - | - | 6,544 | - | 6,544 |
| Acquisitions through business combinations (Note 25) | - | - | - | (20,322) | - | (20,322) |
| Effects of foreign currency exchange differences | - | - | - | (9) | 20 | 11 |
| Balance at December 31, 2023 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (23,343)</u> | <u>\$ (317)</u> | <u>\$ (23,660)</u> |
| Carrying amount at December 31, 2023 | <u>\$ 52,000</u> | <u>\$ 123,000</u> | <u>\$ 616,000</u> | <u>\$ 4,665</u> | <u>\$ 971</u> | <u>\$ 796,636</u> |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2022 | \$ - | \$ - | \$ - | \$ 6,968 | \$ 6,119 | \$ 13,087 |
| Additions | - | - | - | - | 262 | 262 |
| Disposals | - | - | - | - | (6,047) | (6,047) |
| Effects of foreign currency exchange differences | - | - | - | 178 | (12) | 166 |
| Balance at December 31, 2022 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,146</u> | <u>\$ 322</u> | <u>\$ 7,468</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2022 | \$ - | \$ - | \$ - | \$ (6,285) | \$ (1,141) | \$ (7,426) |
| Amortization expenses | - | - | - | (496) | (5,192) | (5,688) |
| Disposals | - | - | - | - | 6,047 | 6,047 |
| Effects of foreign currency exchange differences | - | - | - | (189) | 7 | (182) |
| Balance at December 31, 2022 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,970)</u> | <u>\$ (279)</u> | <u>\$ (7,249)</u> |
| Carrying amount at December 31, 2022 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 176</u> | <u>\$ 43</u> | <u>\$ 219</u> |

The customer list obtained through the acquisition of Taiwan Kuro Times Co., Ltd. by the Group consists of existing subscribers to the acquired company's music streaming platform. Following the acquisition, these subscribers become members of the Group's music streaming platform, and the amortization of the customer list will be completed within 10 years.

In order to expand the sales channels for its music streaming services, the Group acquired Taiwan Kuro Times Co., Ltd., a subsidiary of TFN Media Co., Ltd., and also signed a business development cooperation agreement with Taiwan Mobile Co., Ltd., serving as its long-term telecommunications value-added service supplier. Based on historical experience, the Group has maintained a good collaborative relationship with telecommunications companies. The subscribers for music streaming services provided by telecommunications companies has been relatively stable. Therefore, customer relationships are considered indefinite useful life intangible assets. Regardless of the presence of any impairment indicators, impairment testing is conducted every year.

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

| | |
|-------------------|-----------|
| Contract value | 3 years |
| Customer list | 10 years |
| Computer software | 1-6 years |
| Other | 5 years |

15. GOODWILL

**For the Year
Ended
December 31,
2023**

Cost

| | |
|---|-------------------|
| Balance at January 1 | \$ - |
| Additional amounts recognized from business combinations (Note 25) | <u>263,890</u> |
| Balance at December 31 | <u>\$ 263,890</u> |

The goodwill arising from the acquisition of Taiwan Kuro Times Co., Ltd. by the Group on December 29, 2023, amounts to \$263,890 thousand.

16. OTHER PAYABLES

| | December 31 | |
|--|--------------------|-------------------|
| | 2023 | 2022 |
| Payables for investments (Note 25) | \$ 153,525 | \$ - |
| Payables for salaries and bonuses | 103,120 | 65,497 |
| Payables for labor, health insurances and retirement pension | 15,602 | 10,027 |
| Payables for professional fees | 22,803 | 15,273 |
| Payables for advertising expenses | 15,429 | 23,663 |
| Others | <u>29,651</u> | <u>28,552</u> |
| | <u>\$ 340,130</u> | <u>\$ 143,012</u> |

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31, 2023 |
|--|----------------------|
| Associate that is not individually material | \$ (1,462) |
| Add: Investments accounted for using the equity method are reclassified as other non-current liabilities | <u>1,462</u> |
| | <u>\$ -</u> |

Aggregate information of associates that are not individually material

| | For the Year Ended December 31, 2023 |
|---------------------------------------|---|
| The Group's share of: | |
| Loss for the year | \$ (2,988) |
| Other comprehensive income | <u>43</u> |
| Total comprehensive loss for the year | <u>\$ (2,945)</u> |

The Group acquired a 31.26% equity interest in Fistory Co., Ltd. from a related party, KKCulture Co., Ltd., for a consideration of \$8,892 thousand in March 2023. As this transaction is under common control, it was accounted for at its carrying amount. The difference between the acquisition cost and the carrying amount, amounting to \$7,409 thousand, was recognized as a deduction from retained earnings.

The financial statements of the aforementioned equity-method investee are recognized based on the audited amounts.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages.

The Japanese subsidiary accrues retirement benefits based on a fixed percentage of the local government's prescribed standard wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries for the 6 months before retirement. The Group contributes amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

| | December 31 | |
|---|--------------------|-----------------|
| | 2023 | 2022 |
| Present value of defined benefit obligation | \$ 18,726 | \$ 11,807 |
| Fair value of plan assets | <u>(9,853)</u> | <u>(9,716)</u> |
| Deficit (surplus) | 8,873 | 2,091 |
| Recognition of net defined benefit assets | <u>4,366</u> | <u>5,423</u> |
| Net defined benefit liabilities | <u>\$ 13,239</u> | <u>\$ 7,514</u> |

Movements in net defined benefit (assets) liabilities were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Deficit (Surplus) |
|--|--|--|------------------------------|
| Balance at January 1, 2023 | <u>\$ 11,807</u> | <u>\$ (9,716)</u> | <u>\$ 2,091</u> |
| Service cost | | | |
| Current service cost | 384 | - | 384 |
| Net interest expense (income) | <u>206</u> | <u>(173)</u> | <u>33</u> |
| Recognized in profit or loss | <u>590</u> | <u>(173)</u> | <u>417</u> |
| Remeasurement | | | |
| Return on plan assets (except for amounts included in net interest) | - | (35) | (35) |
| Actuarial (gain) and loss | | | |
| Changes in financial assumptions | 652 | - | 652 |
| Experience adjustments | <u>5,677</u> | <u>-</u> | <u>5,677</u> |
| Recognized in other comprehensive income (loss) | <u>6,329</u> | <u>(35)</u> | <u>6,294</u> |
| Contributions from the employer | - | (77) | (77) |
| Plan assets claimed | <u>-</u> | <u>148</u> | <u>148</u> |
| Balance at December 31, 2023 | <u>\$ 18,726</u> | <u>\$ (9,853)</u> | <u>\$ 8,873</u> |
| Balance at January 1, 2022 | <u>\$ 31,616</u> | <u>\$ (8,884)</u> | <u>\$ 22,732</u> |
| Service cost | | | |
| Current service cost | 1,035 | - | 1,035 |
| Net interest expense (income) | <u>316</u> | <u>(89)</u> | <u>227</u> |
| Recognized in profit or loss | <u>1,351</u> | <u>(89)</u> | <u>1,262</u> |
| Remeasurement | | | |
| Return on plan assets (except for amounts included in net interest) | - | (657) | (657) |
| Actuarial (gain) and loss | | | |
| Changes in financial assumptions | (1,432) | - | (1,432) |
| Experience adjustments | <u>(19,728)</u> | <u>-</u> | <u>(19,728)</u> |
| Recognized in other comprehensive income (loss) | <u>(21,160)</u> | <u>(657)</u> | <u>(21,817)</u> |
| Contributions from the employer | <u>-</u> | <u>(86)</u> | <u>(86)</u> |
| Balance at December 31, 2022 | <u>\$ 11,807</u> | <u>\$ (9,716)</u> | <u>\$ 2,091</u> |

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

| | December 31 | |
|----------------------------------|--------------------|-------------|
| | 2023 | 2022 |
| Discount rate | 1.500% | 1.750% |
| Expected rate of salary increase | 4.000% | 4.000% |

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

| | December 31 | |
|----------------------------------|--------------------|-------------|
| | 2023 | 2022 |
| Discount rate | | |
| 0.25% increase | \$ (653) | \$ (433) |
| 0.25% decrease | \$ 686 | \$ 454 |
| Expected rate of salary increase | | |
| 0.25% increase | \$ 659 | \$ 437 |
| 0.25% decrease | \$ (630) | \$ (420) |

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

| | December 31 | |
|---|--------------------|-------------|
| | 2023 | 2022 |
| Expected contributions to the plans for the next year | \$ 77 | \$ 86 |
| Average duration of the defined benefit obligation | 24.4 years | 22.9 years |

19. EQUITY

a. Ordinary shares

| | December 31 | |
|--|---------------------|---------------------|
| | 2023 | 2022 |
| Number of shares issued (in thousands) | <u>163,996</u> | <u>104,380</u> |
| Amount of shares issued | <u>\$ 1,639,960</u> | <u>\$ 1,043,800</u> |

In November 2022, the Company was established as part of the KKCompany organization restructure. It was established with 1 share of stock, with a par value of US\$0.01, totaling US\$1. The Company is a 100% subsidiary owned by KKCompany Inc. In December 2022, the board of directors resolved to increase capital by issuing 3,347,688 new shares, totaling US\$33,476,880, to acquire 100% equity in KKBOX International Limited, KKStream Limited, and KKCompany Technologies Pte. Ltd. Additionally, 20,000 new shares were issued, totaling US\$200,000, to acquire convertible notes of Ephod Technology Ltd. from KKCompany Inc. After the capital increase, the total number of shares became 3,367,689, with a share capital amount of US\$33,677.

The Company issued 450,000 shares and 170,000 shares, for a total amount of US\$6,200,000, on February 13, 2023 and June 15, 2023, respectively.

On July 28, 2023, the Company's Articles were amended through a shareholder meeting resolution. The par value was changed to NT\$10, and the share replacement process has been completed. Following this change, the Company's capital became \$1,236,000 thousand, divided into 123,600 thousand shares.

The Company's board of directors resolved to issue 24,800 thousand shares and 12,500 thousand shares of common shares in July and September 2023, respectively. The subscription prices per share were \$10 and \$105, and the total amounts were \$248,000 thousand and \$1,312,500 thousand, respectively.

On September 22, 2023, the Company's interim shareholders' meeting resolved to issue employee restricted shares for 3,096 thousand shares, please refer to Note 24.

Except for the rights restricted for employee restricted shares that have not vested, the issued common shares each have one voting right per share and the right to receive dividends.

On September 22, 2023, the Company's interim shareholders' meeting resolved to register for the retroactive handling of public issuance procedures to the Taiwan Stock Exchange Corporation. The registration became effective on January 17, 2024.

On November 10, 2023, the Company's board of directors resolved to issue new shares before listing with a par value of \$10. It is anticipated that 28,504 thousand new shares will be issued at a provisional underwriting price of \$110 per share, with a par value of \$10 per share. The transaction was approved by the Taiwan Stock Exchange Corporation on January 17, 2024, and the actual exercise price, subscription base date and other related matters will be determined by the chairman of the board authorized by the board of directors.

b. Capital surplus

**December 31,
2023**

May be used to offset a deficit, distributed as
cash dividends, or transferred to share capital*

Additional paid-in capital \$ 1,187,500

May not be used for any purpose

Employee restricted shares 268,114

\$ 1,455,614

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. It is limited to a certain percentage of the Company's capital surplus and to once a year.

c. Retained earnings and dividend policy

Since the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or a share dividend and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure and fund requirements for sustainable development needs, etc. If the directors determine to distribute profits, the directors shall prepare a proposal for the distribution of profits, and such proposal shall be approved by the members by an ordinary resolution at any general meeting. The directors shall prepare such proposal as follows: (a) the Company shall set aside all taxes that are legally required to be paid; and (b) offset its losses in previous years that have not been previously offset (if any); then (c) set aside a legal reserve in accordance with the applicable public company rules, unless the accumulated amount of such legal reserve has reached the total paid-up capital of the Company; and (d) set aside a special capital reserve, if one is required, in accordance with the applicable public company rules or as requested by relevant authorities. Except otherwise stipulated by the applicable laws and the applicable public company rules, the directors may propose a profit distribution plan in connection with the retained earnings available for distribution (i.e., the net profit after the deduction of items (a) to (d) above plus the previously cumulative undistributed retained earnings) for approval at the meetings of the shareholders. The distribution of retained earnings may proceed by way of a cash dividend or by applying such a sum to paying up in full unissued shares for allotment and distribution credited as fully paid-up pro rata to the members. If the directors determine to distribute profits, the total amount of dividends shall not be lower than 10% of the net profit of the then current year after deducting the items (a) to (d) above, and the total amount of cash dividends to be distributed shall be no lower than 10% of the aggregate dividend distributed to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 21(g) compensation of employees and remuneration of directors.

Appropriation of earnings to legal reserve should be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 approved by the interim shareholders' meeting on September 22, 2023, was as follows:

| | <u>Appropriation of Earnings</u> |
|---------------|---|
| | For the Year Ended December 31, 2022 |
| Legal reserve | \$ <u>3,134</u> |

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 7, 2024, were as follows:

| | <u>Appropriation of Earnings</u> |
|-----------------|---|
| | For the Year Ended December 31, 2023 |
| Legal reserve | \$ <u>7,242</u> |
| Special reserve | \$ <u>85,314</u> |

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 2024.

d. Other equity items - unearned employee compensation

The issuance of restricted shares for employee has been resolved by the interim shareholders' meeting on September 22, 2023, please refer to Note 24.

| | For the Year Ended December 31, 2023 |
|---|---|
| Balance at January 1 | \$ - |
| Issuance of shares | (299,074) |
| Compensation cost of share-based payment transactions | <u>6,418</u> |
| Balance at December 31 | <u>\$ (292,656)</u> |

e. Non-controlling interests

| | <u>For the Year Ended December 31</u> | |
|--|--|-------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 133,800 | \$ 116,303 |
| Net (loss) income of the year | (9,057) | 11,212 |
| Other comprehensive income of the year | (341) | 6,285 |
| Organization restructure | <u>933</u> | <u>-</u> |
| Balance at December 31 | <u>\$ 125,335</u> | <u>\$ 133,800</u> |

20. REVENUE

| | For the Year Ended December 31 | |
|----------------------|---------------------------------------|---------------------|
| | 2023 | 2022 |
| Subscription revenue | \$ 1,942,939 | \$ 2,115,197 |
| Solution revenue | 841,614 | 629,089 |
| Other revenue | <u>183,489</u> | <u>195,113</u> |
| | <u>\$ 2,968,042</u> | <u>\$ 2,939,399</u> |

a. Contract information

Please refer to Note 4. “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES”.

b. Contract balances

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|------------------------------|------------------------------|----------------------------|
| Trade receivables (including trades from related parties) | <u>\$ 468,824</u> | <u>\$ 445,647</u> | <u>\$ 432,689</u> |
| Contract assets | <u>\$ -</u> | <u>\$ 26,700</u> | <u>\$ -</u> |
| Contract liabilities | <u>\$ 96,393</u> | <u>\$ 93,751</u> | <u>\$ 110,180</u> |

The changes in the balance of the contract assets and liabilities primarily result from the timing difference between the Group’s satisfaction of performance obligations and the respective customer’s payments.

c. Disaggregation of revenue

Please refer to Note 34. “SEGMENT INFORMATION”.

21. NET INCOME

a. Interest income

| | For the Year Ended December 31 | |
|-----------------------------|---------------------------------------|-----------------|
| | 2023 | 2022 |
| Bank deposits | \$ 23,837 | \$ 5,494 |
| Lendings to related parties | <u>290</u> | <u>-</u> |
| | <u>\$ 24,127</u> | <u>\$ 5,494</u> |

b. Other income

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2023 | 2022 |
| Rental income | \$ 2,085 | \$ 775 |
| Gain on disposal of miscellaneous purchases | 107 | 11,668 |
| Government grants | 27 | 8,772 |
| Other | <u>462</u> | <u>-</u> |
| | <u>\$ 2,681</u> | <u>\$ 21,215</u> |

c. Other gains and losses

| | For the Year Ended December 31 | |
|--|---------------------------------------|------------------|
| | 2023 | 2022 |
| Net foreign exchange gain | \$ 3,393 | \$ 13,663 |
| (Loss) gain on fair value changes of financial assets at FVTPL | (271) | 1,455 |
| Gain (loss) on disposal of property, plant and equipment | 26 | (49) |
| Others | <u>2,054</u> | <u>(20)</u> |
| | <u>\$ 5,202</u> | <u>\$ 15,049</u> |

d. Financial costs

| | For the Year Ended December 31 | |
|-------------------------------|---------------------------------------|---------------|
| | 2023 | 2022 |
| Interest on lease liabilities | <u>\$ 369</u> | <u>\$ 113</u> |

e. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2023 | 2022 |
| Property, plant and equipment | \$ 12,397 | \$ 12,258 |
| Right-of-use assets | 26,845 | 6,871 |
| Intangible assets | <u>2,644</u> | <u>5,688</u> |
| | <u>\$ 41,886</u> | <u>\$ 24,817</u> |
| An analysis of depreciation by function | | |
| Operating costs | \$ 1,606 | \$ 3,845 |
| Operating expenses | <u>37,636</u> | <u>15,284</u> |
| | <u>\$ 39,242</u> | <u>\$ 19,129</u> |
| An analysis of amortization by function | | |
| Operating expenses | <u>\$ 2,644</u> | <u>\$ 5,688</u> |

f. Employee benefits expense

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2023 | 2022 |
| Short-term benefits | \$ 755,726 | \$ 540,106 |
| Post-employment benefits | | |
| Defined contribution plans | 26,139 | 19,370 |
| Defined benefit plans | <u>417</u> | <u>1,262</u> |
| | <u>26,556</u> | <u>20,632</u> |
| Share-based payments | | |
| Equity-settled | <u>6,418</u> | <u>-</u> |
| | <u>\$ 788,700</u> | <u>\$ 560,738</u> |
| An analysis of employee benefits expenses by function | | |
| Operating costs | \$ 118,691 | \$ 113,656 |
| Operating expenses | <u>670,009</u> | <u>447,082</u> |
| | <u>\$ 788,700</u> | <u>\$ 560,738</u> |

g. Employees' compensation and remuneration of directors

On July 28, 2023, the Company's Articles were amended following a resolution by the shareholders' meeting. The revised articles stipulate that, for the current fiscal year, pre-tax profit before deducting employee and director remuneration shall be allocated, with a provision of not less than 1% for employee remuneration and not more than 5% for director remuneration. However, in cases where the Company has accumulated losses, an amount for loss offset shall be reserved in advance.

Employee's compensation and remuneration of directors estimated for the year ended December 31, 2023 are as follows:

| | For the Year Ended December 31, 2023 |
|---------------------------|---|
| Employee's compensation | 1% |
| Remuneration of directors | - |

Amount

| | For the Year Ended December 31, 2023 |
|---------------------------|---|
| Employee's compensation | <u>\$ 986</u> |
| Remuneration of directors | <u>\$ -</u> |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2023 | 2022 |
| Current tax | | |
| In respect of the current year | \$ 25,094 | \$ 33,893 |
| Income tax on unappropriated earnings | 249 | - |
| Adjustments for the prior years | <u>3,738</u> | <u>24</u> |
| | <u>29,081</u> | <u>33,917</u> |
| Deferred tax | | |
| In respect of the current year | <u>(16,195)</u> | <u>10,972</u> |
| Income tax expense recognized in profit or loss | <u>\$ 12,886</u> | <u>\$ 44,889</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2023 | 2022 |
| Profit before tax | <u>\$ 91,942</u> | <u>\$ 234,621</u> |
| Effect of different tax rates of group entities operating in other jurisdictions | \$ (11,869) | \$ 51,011 |
| Permanent different | (37) | (457) |
| Income tax on unappropriated earnings | 249 | - |
| Unrecognized deductible temporary differences and loss carryforwards | 20,805 | (5,689) |
| Adjustments for prior years | <u>3,738</u> | <u>24</u> |
| Income tax expense recognized in profit or loss | <u>\$ 12,886</u> | <u>\$ 44,889</u> |

Tax rates applicable to the entities of the Group operating in each relevant jurisdiction are based on the tax laws in those jurisdictions.

b. Income tax (expense) benefit recognized in other comprehensive income

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2023 | 2022 |
| <u>Deferred tax</u> | | |
| In respect of the current year | | |
| Remeasurement of defined benefit plans | <u>\$ 2,767</u> | <u>\$ (4,363)</u> |

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

| | Balance at January 1 | Recognized in Profit or Loss | Recognized in Other Compre- hensive Income | Acquisitions through Business Combinations | Effects of Foreign Currency Exchange Differences | Balance at December 31 |
|---|-------------------------|---------------------------------|--|---|--|---------------------------|
| <u>Deferred tax assets</u> | | | | | | |
| Defined benefit plans | \$ 1,503 | \$ 49 | \$ 1,096 | \$ - | \$ - | \$ 2,648 |
| Unrealized exchange loss | 559 | (269) | - | 5 | - | 295 |
| Loss carryforwards | - | 24,022 | - | 1,362 | - | 25,384 |
| Allowance for doubtful accounts | 82 | - | - | - | - | 82 |
| | <u>\$ 2,144</u> | <u>\$ 23,802</u> | <u>\$ 1,096</u> | <u>\$ 1,367</u> | <u>\$ -</u> | <u>\$ 28,409</u> |
| <u>Deferred tax liabilities</u> | | | | | | |
| Investments accounted for using the equity method | \$ 26,243 | \$ 6,147 | \$ - | \$ - | \$ 194 | \$ 32,584 |
| Intangible assets | - | - | - | 158,200 | - | 158,200 |
| Defined benefit plans | 1,084 | 1,460 | (1,671) | - | - | 873 |
| | <u>\$ 27,327</u> | <u>\$ 7,607</u> | <u>\$ (1,671)</u> | <u>\$ 158,200</u> | <u>\$ 194</u> | <u>\$ 191,657</u> |

For the year ended December 31, 2022

| | Balance at January 1 | Recognized in Profit or Loss | Recognized in Other Compre- hensive Income | Effects of Foreign Currency Exchange Differences | Balance at December 31 |
|--|-------------------------|------------------------------------|--|--|---------------------------|
| <u>Deferred tax assets</u> | | | | | |
| Defined benefit plans | \$ 4,546 | \$ 235 | \$ (3,276) | \$ (2) | \$ 1,503 |
| Unrealized exchange loss | 571 | (11) | - | (1) | 559 |
| Allowance for doubtful accounts | - | 82 | - | - | 82 |
| | <u>\$ 5,117</u> | <u>\$ 306</u> | <u>\$ (3,276)</u> | <u>\$ (3)</u> | <u>\$ 2,144</u> |
| <u>Deferred tax liabilities</u> | | | | | |
| Investments accounted for using the equity method | \$ 14,913 | \$ 11,278 | \$ - | \$ 52 | \$ 26,243 |
| Defined benefit plans | - | - | 1,087 | (3) | 1,084 |
| | <u>\$ 14,913</u> | <u>\$ 11,278</u> | <u>\$ 1,087</u> | <u>\$ 49</u> | <u>\$ 27,327</u> |

- d. Deductible temporary differences and loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

| | December 31 | |
|----------------------------------|--------------------|-------------------|
| | 2023 | 2022 |
| Loss carryforwards | | |
| Expiry in 2025 | \$ 142,934 | \$ 149,384 |
| Expiry in 2026 | 261,235 | 273,023 |
| Expiry in 2030 | 2,941 | 2,941 |
| Expiry in 2031 | 20,700 | 52,367 |
| Expiry in 2032 | 4,821 | 7,469 |
| Expiry in 2033 | <u>54,166</u> | <u>-</u> |
| | <u>\$ 486,797</u> | <u>\$ 485,184</u> |
| Deductible temporary differences | <u>\$ 8,583</u> | <u>\$ 5,110</u> |

- e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

| Unused Amount | Expiry Year |
|--------------------------|--------------------|
| \$ 142,934 | 2025 |
| 261,235 | 2026 |
| 2,941 | 2030 |
| 52,367 | 2031 |
| 7,948 | 2032 |
| <u>146,293</u> | 2033 |
| <u>\$ 613,718</u> | |

- f. Income tax assessments

The information of income tax assessments for the Group is as follows:

| Expansion of Construction Project | Tax-exemption Period |
|--|-----------------------------|
| KKBOX Taiwan Co., Ltd. | 2021 |
| KKStream Technologies Co., Ltd. | 2021 |
| KKStream Limited, Taiwan Branch | 2021 |
| Going Cloud Co., Ltd. | 2021 |
| KKCompany Technologies Pte., Ltd., Taiwan Branch | 2021 |
| Taiwan Kuro Times Co., Ltd. | 2021 |

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|-------------|
| | 2023 | 2022 |
| Basic earnings per share | \$ 0.66 | \$ 1.71 |
| Diluted earnings per share | \$ 0.66 | \$ 1.71 |

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net income for the year

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2023 | 2022 |
| Owners of the Company | \$ 95,529 | \$ 28,035 |
| (Loss) income attributable to former owner of business combination under common control | (7,416) | 149,414 |
| Income attributable to subsequent owner of business combination under common control | - | 1,071 |
| | <u>\$ 88,113</u> | <u>\$ 178,520</u> |

Weighted average number of ordinary shares outstanding (in thousands of shares)

| | For the Year Ended December 31 | |
|--|---------------------------------------|----------------|
| | 2023 | 2022 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 134,248 | 104,380 |
| Effect of potentially dilutive ordinary shares | | |
| Compensation of employees | 9 | - |
| Employee restricted shares | <u>85</u> | <u>-</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>134,342</u> | <u>104,380</u> |

When calculating earnings per share, the impact of the share capital conversion approved by the shareholders' meeting on July 28, 2023 (refer to Note 19) has been retrospectively adjusted.

The Company may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Shares Plan for Employees

The Company, in order to retain key talents and align compensation with shareholder interests, resolved at the interim shareholders' meeting on September 22, 2023, to issue 3,096 thousand restricted shares for employees at a subscription price of \$0 per share, with the grant date set on September 22, 2023, and the fair value on the grant date is NT\$96.6 per share.

The vesting conditions of 2023 restricted shares plan were as follows:

- a. Based on the Company's annual revenue growth rate, using the audited consolidated financial statements of the base year (2023). Which is the year the Company formulate the plan, the following indicators determine the achievement levels each year:

Year 1: 110% annual revenue growth rate of the base year, entitles the employee to 10% of the restricted shares.

Year 2: 130% annual revenue growth rate of the base year, entitles the employee to 20% of the restricted shares.

Year 3: 160% annual revenue growth rate of the base year, entitles the employee to 30% of the restricted shares.

Year 4: 190% annual revenue growth rate of the base year, entitles the employee to 40% of the restricted shares.

- b. Individual employee performance indicators: Employee performance evaluations for individual years must be at least "Meet Expectation" or higher, and work outcomes should meet the standards agreed upon between the Company and individual employees. Employees must remain in employment during the performance calculation year when the performance conditions are met.

Treatments if employees do not meet the vesting conditions:

- a. If the following situations occur during any of the years in which restricted employee stock options were allocated, and the previously allocated shares have not yet qualified, those shares will be considered as not meeting the qualifying conditions for that year, and the Company is required by law to repurchase and cancel the shares:

- 1) Resignation, retirement or leave without pay.
- 2) Termination or layoff.
- 3) Death.

- b. If, before the expiration of the restricted employee stock options allocation period, the overall company performance indicators or individual performance indicators are not fully met for a particular year, the shares allocated for that year, which have not yet qualified, must be repurchased by the company at no cost to the employee and canceled.

Rights restricted for employees before meeting the qualifying conditions for the allocated new shares:

- a. Before employees meet the qualifying conditions, except for inheritance, they are not allowed to sell, pledge, transfer, gift, or otherwise dispose of the restricted employee stock options.
- b. Rights related to attending shareholder meetings, proposing, speaking, and voting are executed according to the trust agreement after being placed in trust custody.

- c. Rights to participate in the original shareholders' subscription (recognition) of shares and dividend distribution are not available until the qualifying conditions are met.
- d. The Company will follow the trust agreement or relevant regulations for the release of restricted shares during the period from the date of stoppage of free stock distribution, cash dividend transfer, and the shareholder meeting stoppage transfer, to the rights distribution base date, provided that employees meet the qualifying conditions during this period.

Information on the restricted shares for employees was as follows:

| | For the Year Ended December 31, 2023 |
|---|---|
| | Number of Shares (In Thousands) |
| Granted but not vested at the beginning of period | - |
| Granted during the period | <u>3,096</u> |
| Granted but not vested at the end of period | <u>3,096</u> |

The Company recognized the compensation cost of share-based payments for the year ended December 31, 2023 was \$6,418 thousand.

25. BUSINESS COMBINATIONS

In order to continue the expansion of the Group's business operations, the Company's board of directors resolved to acquire 100% equity of Taiwan Kuro Times Co., Ltd. (Taiwan Kuro) from TFN Media Co., Ltd. on September 6, 2023 for a consideration not exceeding US\$30,000 thousand. The share purchase agreement is signed in September 2023, with a transaction date of December 29, 2023. The payment terms are agreed as follows:

| | Unit: In Thousands of US\$ |
|---|-----------------------------------|
| | Amount |
| September 30, 2023 | \$ 15,000 |
| Within 60 days from the completion date of settlement after September 30, 2024 | 5,000 |
| Within 60 days from the completion date of settlement after September 30, 2025 | 5,000 |
| Within 60 days from the completion date of settlement after September 30, 2026 | 3,000 |
| Within 60 days from the completion date of settlement after September 30, 2027 | <u>2,000</u> |
| | <u>\$ 30,000</u> |

As of December 31, 2023, an amount of \$460,575 thousand has been paid, while the remaining unpaid purchase amount is recognized as other payables of \$153,525 thousand and long-term other payables of \$307,050 thousand.

a. Subsidiaries acquired

| Subsidiary | Principal Activity | Date of Acquisition | Proportion of Voting Equity Interests Acquired (%) | Consideration Transferred |
|-----------------------------|--|----------------------------|---|----------------------------------|
| Taiwan Kuro Times Co., Ltd. | Software information processing and electronic information supply services | December 29, 2023 | 100 | <u>\$ 921,150</u> |

b. Assets acquired and liabilities assumed at the date of acquisition

| | Taiwan Kuro Times Co., Ltd. |
|-------------------------------|------------------------------------|
| Current assets | |
| Cash and cash equivalents | \$ 19,926 |
| Trade and other receivables | 10,567 |
| Prepayment | 484 |
| Current tax assets | 106 |
| Other current assets | 1,000 |
| Non-current assets | |
| Property, plant and equipment | 2,245 |
| Contract value | 52,000 |
| Customer list | 123,000 |
| Customer relationship | 616,000 |
| Computer software | 476 |
| Deferred tax assets | 1,367 |
| Refundable deposits | 32 |
| Current liabilities | |
| Contract liabilities | (1,451) |
| Trade and other payables | (10,282) |
| Other current liabilities | (10) |
| Non-current liabilities | |
| Deferred tax liabilities | <u>(158,200)</u> |
| | <u>\$ 657,260</u> |

c. Goodwill recognized on acquisitions

| | Taiwan Kuro Times Co., Ltd. |
|--|------------------------------------|
| Consideration transferred | \$ 921,150 |
| Less: Fair value of identifiable net assets acquired | <u>(657,260)</u> |
| Goodwill recognized on acquisitions | <u>\$ 263,890</u> |

- d. Net cash outflow on the acquisition of subsidiaries

| | For the Year Ended December 31, 2023 |
|--|---|
| | Taiwan Kuro Times Co., Ltd. |
| Consideration paid in cash | \$ 460,575 |
| Less: Cash and cash equivalent balances acquired | <u>(19,926)</u> |
| | <u>\$ 440,649</u> |

26. DISPOSAL OF SUBSIDIARIES

In June 2023, the Company's subsidiary, KKCompany Technologies Pte. Ltd., acquired all the business of its subsidiary KKBOX (Malaysia) Sdn., Bhd. (KKBOX MY) and subsequently sold its 100% equity in KKBOX (Malaysia) Sdn., Bhd. to KKCompany Inc.

Since the transaction was made under common control, it accounted for the carrying amounts, and the loss on disposal was recognized in retained earnings.

- a. Consideration received from disposals

| | KKBOX MY |
|---------------------------|------------------|
| Cash and cash equivalents | <u>\$ 17,452</u> |

- b. Analysis of assets and liabilities on the date control was lost

| | KKBOX MY |
|---------------------------|------------------|
| Current assets | |
| Cash and cash equivalents | \$ 13,009 |
| Trade receivables | 2,659 |
| Prepayments | 1,033 |
| Non-current assets | |
| Refundable deposits | 44 |
| Current liabilities | |
| Contract liabilities | (59) |
| Payables | (1,070) |
| Other current liabilities | <u>(28)</u> |
| Net assets disposed of | <u>\$ 15,588</u> |

- c. Loss on disposal of subsidiary

| | KKBOX MY |
|---|-------------------|
| Consideration received | \$ 17,452 |
| Net assets disposed of | (15,588) |
| Adjustment for foreign exchange differences | <u>(6,602)</u> |
| Loss on disposals (recognized in retained earnings) | <u>\$ (4,738)</u> |

- d. Net cash inflow on disposals of subsidiary

KKBOX MY

| | |
|---|-----------------|
| Consideration received in cash and cash equivalents | \$ 17,452 |
| Less: Cash and cash equivalent balances disposed of | <u>(13,009)</u> |
| | <u>\$ 4,443</u> |

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through consideration of future operational plans, profitability, capital expenditure, operating income and debt repayment when assessing various costs and risks. In order to balance the overall capital and financial structure, the Group may pay dividends, issue new shares, etc.

28. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|-------------|-------------|-----------------|-----------------|
| Financial assets at FVTPL | | | | |
| Convertible note | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,374</u> | <u>\$ 7,374</u> |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|-------------|-------------|-----------------|-----------------|
| Financial assets at FVTPL | | | | |
| Convertible note | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,645</u> | <u>\$ 7,645</u> |

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

For the year ended December 31, 2023

| | Financial Assets at FVTPL |
|---|------------------------------|
| Balance at January 1 | \$ 7,645 |
| Recognized in profit or loss (recognized in other gains and losses) | <u>(271)</u> |
| Balance at December 31 | <u>\$ 7,374</u> |

For the year ended December 31, 2022

| | Financial Assets at FVTPL |
|---|--------------------------------------|
| Balance at January 1 | \$ - |
| Acquired by issuance of common shares | 6,178 |
| Recognized in profit or loss (recognized in other gains and losses) | 1,455 |
| Net foreign exchange differences | <u>12</u> |
| Balance at December 31 | <u>\$ 7,645</u> |

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

| <u>Financial Instruments</u> | <u>Valuation Techniques and Inputs</u> |
|------------------------------|--|
| Convertible note | The fair values of convertible notes are determined using the Market Approach, referencing recent increasing activities of the investee and evaluating from a fully diluted perspective. |

c. Categories of financial instruments

| | <u>December 31</u> | |
|---|--------------------|--------------|
| | <u>2023</u> | <u>2022</u> |
| <u>Financial assets</u> | | |
| Financial assets at amortized cost (Note 1) | \$ 2,975,697 | \$ 1,744,675 |
| Mandatorily at FVTPL | 7,374 | 7,645 |

Financial liabilities

| | | |
|--|-----------|---------|
| Financial liabilities at amortized cost (Note 2) | 1,228,194 | 936,596 |
|--|-----------|---------|

Note 1: The balances include financial assets measured at amortized cost, which comprised cash and cash equivalents, trade receivables (including those from related parties), other receivables (including those from related parties), refundable deposits and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost which comprise notes and trade payables (including those to related parties), other payables (including those to related parties) and long-term other payables.

d. Financial risk management objectives and policies

The Group's main objective of financial risk management is to manage the market risk related to operating activity including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity is reviewed and approved by the board of directors in compliance with related regulations and internal control policy, and authority and responsibility are delegated according to the operating procedures. Internal auditors also regularly or irregularly review the compliance of the policy. The Group did not engage in trading financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency transactions, which exposed the Group to foreign currency risk. The Group follows the movement of foreign exchange rates and adjusts the exposure position to respond to it to minimize the effects of these risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to exchange rate risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar (USD), New Taiwan dollar (NTD), Japanese Yen (JPY) and Hong Kong dollar (HKD).

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign forward currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the functional currencies of each component against their relevant currencies, there would be an equal and opposite impact on pre-tax profit.

| | For the Year Ended December 31 | |
|----------------|---------------------------------------|-------------|
| | 2023 | 2022 |
| Profit or loss | | |
| USD | \$ (8,264) | \$ (12,386) |
| NTD | \$ 2,774 | \$ 4,889 |
| JPY | \$ (1,169) | \$ (1,946) |
| HKD | \$ (462) | \$ (2,398) |

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

| | December 31 | |
|-------------------------------|--------------------|-------------|
| | 2023 | 2022 |
| Fair value interest rate risk | | |
| Financial assets | \$ 489,365 | \$ 455,008 |
| Lease liabilities | \$ 15,976 | \$ 3,505 |
| Cash flow interest rate risk | | |
| Financial assets | \$ 1,970,323 | \$ 813,938 |

Sensitivity analysis

The following sensitivity analysis is calculated based on the financial assets and financial liabilities with floating interest rates as of the balance sheet date. The fluctuation used in reporting interest rates to the key management personnel of the Group is a ten basis point increase or decrease in the interest rate, which represents the assessment of the reasonable range of potential interest rate fluctuations by the management. If the interest rate increases or decreases by ten basis points (0.1%), with all other variables held constant, the impact on the Group's pre-tax net profit is as follows:

| | <u>For the Year Ended December 31</u> | |
|----------------------------|--|---------------|
| | 2023 | 2022 |
| Increase in profit or loss | <u>\$ 1,970</u> | <u>\$ 814</u> |

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities as stated in the consolidated balance sheets.

To maintain the quality of the trade receivables, the Group has developed a credit risk management procedure to reduce the credit risk from specific customers. The credit evaluation of an individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions.

The Group did transactions with a large number of non-related customers and, thus, no concentration of credit risk was observed.

The credit risk of investments is evaluated and monitored by the Company's finance department. Since the counterparties are creditworthy banks and financial institutions with good credit ratings, there was no significant credit risk.

3) Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short-, medium- and long-term funding and liquidity management requirements.

The maturity dates of financial liabilities (except for financial liabilities - current, i.e., with maturities of less than one year) are as follows:

December 31, 2023

| | Less than 1 Year | 1-2 Years | 2-3 Years | Over 3 Years |
|-------------------|-----------------------------|------------------|------------------|---------------------|
| Lease liabilities | <u>\$ 11,855</u> | <u>\$ 4,121</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2022

| | Less than 1 Year | 1-2 Years | 2-3 Years | Over 3 Years |
|-------------------|-----------------------------|------------------|------------------|---------------------|
| Lease liabilities | <u>\$ 3,335</u> | <u>\$ 170</u> | <u>\$ -</u> | <u>\$ -</u> |

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of related parties

| Related Party Name | Related Party Category |
|--|---|
| KDDI Corporation (KDDI) | Investor that has significant influence over the Company |
| Chunghwa Telecom Co., Ltd. (CHT) | Investor that has significant influence over the subsidiary |
| KKCompany Inc. | Substantive related party (Note 1) |
| KKCulture Co., Ltd. (KKCulture) | Substantive related party (Note 2) |
| KKFarm Co., Ltd. (KKFarm) | Substantive related party (Note 2) |
| Walking Internet Entertainment Limited (Walking Entertainment) | Substantive related party (Note 2) |
| KKTV Co., Ltd. (KKTV) | Substantive related party (Note 2) |
| KKLIVE Limited (KKLIVE) | Substantive related party (Note 2) |
| KKBOX (Thailand) Co., Ltd. (KKBOX TH) | Substantive related party (Note 2) |
| KKFarm International Pte. Ltd. (KKFarm International) | Substantive related party (Note 2) |
| KKCompany International Limited | Substantive related party (Note 2) |
| KKFarm International Limited | Substantive related party (Note 2) |
| BIOS Cultural and Creative Agency Limited | Substantive related party (Note 2) |
| We Rock Creative Co., Ltd. | Substantive related party (Note 2) |
| KKVideo Limited | Substantive related party (Note 2) |
| Just Live Co., Ltd. (Just Live) | Substantive related party (Note 2) |
| Chynahouse Co., Ltd. (Chynahouse) | Substantive related party (Note 2) |
| All The Way Up Co., Ltd. | Substantive related party |
| Firstory Co., Ltd. (Firstory) | Associate (Note 3) |

Note 1: The original parent company. After the organization's restructuring in August 2023, it became a substantive related party of the Group.

Note 2: The original sister company. After the organization's restructuring in August 2023, it became a substantive related party of the Group.

Note 3: The associates of the original sister company. After the acquisition in March 2023, it became an associate of the Group.

b. Operating revenue

| Related Party Category/Name | For the Year Ended December 31 | |
|--|--------------------------------|---------------------|
| | 2023 | 2022 |
| Investors that have significant influence over the Group | | |
| KDDI | \$ 1,056,614 | \$ 1,135,843 |
| CHT | <u>384,221</u> | <u>451,250</u> |
| | <u>1,440,835</u> | <u>1,587,093</u> |
| Substantive related parties | <u>42,288</u> | <u>35,651</u> |
| Associate | <u>7,478</u> | <u>5,051</u> |
| | <u>\$ 1,490,601</u> | <u>\$ 1,627,795</u> |

Sales transactions with related parties were by contracts.

c. Operating cost

| Related Party Category/Name | For the Year Ended December 31 | |
|--|--------------------------------|------------------|
| | 2023 | 2022 |
| Investors that have significant influence over the Group | | |
| KDDI | \$ 17,055 | \$ 4,014 |
| CHT | <u>43,780</u> | <u>43,306</u> |
| | <u>60,835</u> | <u>47,320</u> |
| Substantive related parties | <u>30,899</u> | <u>38,058</u> |
| Associate | <u>2,253</u> | <u>2,983</u> |
| | <u>\$ 93,987</u> | <u>\$ 88,361</u> |

d. Operating expenses

| Related Party Category/Name | For the Year Ended December 31 | |
|--|--------------------------------|-------------------|
| | 2023 | 2022 |
| Investors that have significant influence over the Group | \$ 9,984 | \$ 17,919 |
| Substantive related parties | | |
| KKCulture | 7,757 | 208,071 |
| Others | <u>580</u> | <u>34,263</u> |
| | <u>8,337</u> | <u>242,334</u> |
| Associate | <u>-</u> | <u>101</u> |
| | <u>\$ 18,321</u> | <u>\$ 260,354</u> |

e. Interest income

| Related Party Category | For the Year Ended December 31 | |
|-----------------------------|--------------------------------|-------------|
| | 2023 | 2022 |
| Substantive related parties | <u>\$ 290</u> | <u>\$ -</u> |

In February 2023, the Group transferred the other receivables with total amount of \$10,000 thousand, and Long Hu Men's brand and business to a substantive related party.

f. Other income

| Related Party Category | For the Year Ended December 31 | |
|-----------------------------|--------------------------------|------------------|
| | 2023 | 2022 |
| Substantive related parties | \$ <u>-</u> | \$ <u>11,590</u> |

g. Disposal of property, plant and equipment

| Related Party Category | Proceeds | | Gain on Disposal | |
|-----------------------------|--------------------|-------------|--------------------|-------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| Substantive related parties | \$ <u>38</u> | \$ <u>-</u> | \$ <u>12</u> | \$ <u>-</u> |

h. Lease arrangements

| Line Item | Related Party Category/Name | For the Year Ended December 31 | |
|---------------|-----------------------------|--------------------------------|---------------|
| | | 2023 | 2022 |
| Rental income | Substantive related parties | | |
| | KKLIVE | \$ 1,404 | \$ 775 |
| | Associate | <u>29</u> | <u>-</u> |
| | | \$ <u>1,433</u> | \$ <u>775</u> |

i. Contract Assets

| Related Party Category/Name | December 31 | |
|--|-------------|------------------|
| | 2023 | 2022 |
| Investors that have significant influence over the Group | | |
| KDDI | \$ <u>-</u> | \$ <u>26,700</u> |

For the year ended December 31, 2022, no impairment losses were recognized for contract assets from related parties.

j. Contract liabilities

| Related Party Category | December 31 | |
|--|-----------------|-----------------|
| | 2023 | 2022 |
| Investors that have significant influence over the Group | \$ 1,363 | \$ 9,351 |
| Substantive related parties | <u>70</u> | <u>-</u> |
| | \$ <u>1,433</u> | \$ <u>9,351</u> |

k. Receivables from related parties

| Line Item | Related Party Category/Name | December 31 | |
|--|--|-------------------|-------------------|
| | | 2023 | 2022 |
| Trade receivables from related parties | Investors that have significant influence over the Group | | |
| | KDDI | \$ 197,111 | \$ 213,060 |
| | CHT | <u>65,940</u> | <u>73,592</u> |
| | | <u>263,051</u> | <u>286,652</u> |
| | Substantive related parties | <u>10,704</u> | <u>31,315</u> |
| | Associate | <u>6,010</u> | <u>452</u> |
| | | <u>\$ 279,765</u> | <u>\$ 318,419</u> |
| Other receivables from related parties | Investors that have significant influence over the Group | \$ 52 | \$ - |
| | Substantive related parties | | |
| | KKCulture | 40 | 1,242 |
| | Others | <u>120</u> | <u>1,495</u> |
| | | <u>160</u> | <u>2,737</u> |
| | Associate | | |
| | Firstory | <u>1,558</u> | <u>4,701</u> |
| | | <u>\$ 1,770</u> | <u>\$ 7,438</u> |

The outstanding receivables from related parties are unsecured and no impairment losses were recognized on receivables from related parties.

l. Payables to related parties

| Line Item | Related Party Category/Name | December 31 | |
|-----------------------------------|--|-----------------|-----------------|
| | | 2023 | 2022 |
| Trade payables to related parties | Investors that have significant influence over the Group | | |
| | CHT | \$ 2,350 | \$ 2,235 |
| | Substantive related parties | | |
| | KKFarm | <u>4,487</u> | <u>5,435</u> |
| | Associate | <u>671</u> | <u>-</u> |
| | | <u>\$ 7,508</u> | <u>\$ 7,670</u> |
| Other payables to related parties | Investors that have significant influence over the Group | | |
| | KDDI | \$ 1,594 | \$ - |
| | Substantive related parties | | |
| | KKTV | 2,022 | 2,655 |
| | KKLIVE | <u>-</u> | <u>773</u> |
| | | <u>2,022</u> | <u>3,428</u> |
| | Associate | <u>-</u> | <u>88</u> |
| | | <u>\$ 3,616</u> | <u>\$ 3,516</u> |

The outstanding payables to related parties are unsecured.

m. Refundable deposits

| Related Party Category/Name | December 31 | |
|--|-----------------|-----------------|
| | 2023 | 2022 |
| Investors that have significant influence over the Group | \$ 2,175 | \$ 2,175 |
| Substantive related parties | | |
| KKCulture | <u>-</u> | <u>6,964</u> |
| | <u>\$ 2,175</u> | <u>\$ 9,139</u> |

n. Acquisitions of financial assets

For the year ended December 31, 2022

| Related Party Category/Name | Line Item | Underlying Assets | Amounts |
|-----------------------------|---|-------------------|-----------------|
| Substantive related party | | | |
| KKCompany Inc. | Financial assets at fair value through profit or loss | Convertible note | <u>\$ 6,178</u> |

In November 2022, the Company acquired the convertible note by issuing 620 thousands new shares.

o. Other transactions with related parties

- 1) On January 1, 2023, The Group acquired \$4,705 thousand of intangible assets - computer software, \$7,905 thousand of prepayments and \$28 thousand of contract liabilities from a substantive related party, KKCulture Co., Ltd. The Group also acquired leases for operational office, which contain \$6,081 thousand of refundable deposits and \$2,864 thousand of refundable deposits which the group paid before.
- 2) The Group acquired 31.26% equity of Firstory Co., Ltd. at a consideration of \$8,892 thousand from its substantive related party, KKCulture Co., Ltd. Since the transaction was made under common control, it accounted for the carrying amounts, and the loss \$7,409 thousand was recognized as a deduction from retained earnings.

p. Remuneration of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|--------------------------------|------------------|
| | 2023 | 2022 |
| Short-term employee benefits | \$ 41,054 | \$ 12,632 |
| Post-employment benefits | 836 | 329 |
| Share-based payments | <u>3,308</u> | <u>-</u> |
| | <u>\$ 45,198</u> | <u>\$ 12,961</u> |

The remuneration of directors and key executives is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for performance guarantees:

| | December 31 | |
|--|-----------------|-------------|
| | 2023 | 2022 |
| Other financial assets (recognize as other current assets) | \$ <u>1,000</u> | \$ <u>-</u> |

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group has entered into a contract with Mega International Commercial Bank Co., Ltd., and the bank provides a sufficient performance guarantee in accordance with the terms of the contract. As of December 31, 2023, the unused balance of music stored value (cards) guaranteed by the bank on behalf of the Group amounted to \$875 thousand.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|-------------------------------------|---------------------|------------------|--------------------|
| <u>Foreign currency assets</u> | | | |
| Monetary items | | | |
| USD | \$ 1,808 | 30.705 (USD:TWD) | \$ 54,737 |
| USD | 4,553 | 7.815 (USD:HKD) | 139,816 |
| JPY | 105,036 | 0.007 (JPY:USD) | 22,814 |
| TWD | 45,249 | 0.033 (TWD:USD) | 45,249 |
| <u>Foreign currency liabilities</u> | | | |
| Monetary items | | | |
| TWD | 100,868 | 0.033 (TWD:USD) | 100,868 |

December 31, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|--------------------------------|---------------------|------------------|--------------------|
| <u>Foreign currency assets</u> | | | |
| Monetary items | | | |
| USD | \$ 2,092 | 30.705 (USD:TWD) | \$ 64,269 |
| USD | 3,909 | 7.798 (USD:HKD) | 120,027 |
| USD | 1,956 | 132.1 (USD:JPY) | 60,061 |
| HKD | 12,970 | 0.128 (HKD:USD) | 51,076 |

Foreign currency liabilities

| | | | |
|----------------|--------|-----------------|--------|
| Monetary items | | | |
| TWD | 97,655 | 0.033 (TWD:USD) | 97,655 |

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain were \$3,393 thousand and \$13,663 thousand, respectively. It is impractical to disclose net foreign exchange gain (loss) for each significant foreign currency due to the variety of the foreign currency transactions.

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

34. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

Music streaming segment: Providing music streaming services

Multimedia segment: Providing audio and video streaming technology support services

Cloud intelligence segment: Providing cloud services

a. Segment revenues and results

| | Segment Revenues | | Segment Income or Loss | |
|--|---------------------------|---------------------|-------------------------------|-------------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| Music streaming segment | \$ 2,182,050 | \$ 2,305,235 | \$ 62,094 | \$ 124,185 |
| Multimedia segment | 714,089 | 615,667 | 41,396 | 73,931 |
| Cloud intelligence segment | <u>71,903</u> | <u>18,497</u> | <u>(40,201)</u> | <u>(5,140)</u> |
| | <u>\$ 2,968,042</u> | <u>\$ 2,939,399</u> | 63,289 | 192,976 |
| Interest income | | | 24,127 | 5,494 |
| Other income | | | 2,681 | 21,215 |
| Other gains and losses | | | 5,202 | 15,049 |
| Financial costs | | | (369) | (113) |
| Share of loss of associate accounted for using the equity method | | | <u>(2,988)</u> | <u>-</u> |
| Income before income tax | | | <u>\$ 91,942</u> | <u>\$ 234,621</u> |

b. Regional information

The Group's revenue from external customers is classified according to the location of customers and non-current assets are classified according to the locations of assets, as follows:

| | Revenue from External | | Non-current Assets | |
|-----------|------------------------------|---------------------|---------------------------|-------------------|
| | Customers | | December 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| Taiwan | \$ 1,321,246 | \$ 1,319,685 | \$ 74,141 | \$ 238,563 |
| Japan | 1,299,522 | 1,273,396 | 24,632 | 14,534 |
| Hong Kong | 315,748 | 332,742 | 902 | 14,767 |
| Other | <u>31,526</u> | <u>13,576</u> | <u>61,516</u> | <u>154</u> |
| | <u>\$ 2,968,042</u> | <u>\$ 2,939,399</u> | <u>\$ 161,191</u> | <u>\$ 268,018</u> |

Non-current assets do not include financial assets at fair value through profit or loss, intangible assets, goodwill, deferred income tax assets, and net defined benefit assets.

c. Information on major customers

The Group's revenue from a single customer amounting to 10% or more of the Group's total revenues is as follows:

| | For the Year Ended December 31 | |
|------------|---------------------------------------|---------------------|
| | 2023 | 2022 |
| Customer A | \$ 1,056,614 | \$ 1,135,843 |
| Customer B | <u>384,221</u> | <u>451,250</u> |
| | <u>\$ 1,440,835</u> | <u>\$ 1,587,093</u> |

TABLE 1

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reason for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) | Note |
|-----|------------------------|--------------------------|--|---------------|--------------------------------|----------------|------------------------|-------------------|----------------------|-----------------------------|---------------------------------|-------------------------------|------------|-------|--|------------------------------------|--------|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | KKBOX Taiwan Co., Ltd. | All The Way Up Co., Ltd. | Other receivables from related parties | Yes | \$ 10,000 | \$ - | \$ - | 1.825 | Short-term financing | \$ - | Working capital | \$ - | - | \$ - | \$ 41,778 | \$ 83,556 | Note 2 |

Note 1: The total financing limits for KKBOX Taiwan Co., Ltd. were 40% of the net equity in its latest financial statements. The aggregate financing limits for each company that has business transactions with KKBOX Taiwan Co., Ltd. were 20% of the net equity of its latest financial statements. The individual financing limits for KKBOX Taiwan Co., Ltd. were not exceeding their latest business transaction amount, which is measured at the higher of the amounts of sales and purchases and is limited to the net equity of KKBOX Taiwan Co., Ltd.’s latest financial statements. The aggregate and individual financing limits for the companies were 20% and 10%, respectively, of the net equity of each company, as stated in KKBOX Taiwan Co., Ltd.’s latest financial statements, while the companies had the reason for short-term financing.

Note 2: In February 2023, KKBOX Taiwan Co., Ltd. transferred the financing amount and Long Hu Men’s brand and business to sister company under common control. Therefore, for the purpose of preparing consolidated financial statements, it is treated as if it never existed at the very beginning.

TABLE 2

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

| Holding Company Name | Type and Name/Issuer of Marketable Security | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|-----------------------------|---|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| KKCompany Technologies Inc. | Convertible Note of Ephod Technology Ltd. | - | Financial assets at fair value through profit or loss | - | \$ 7,374 | - | \$ 7,374 | |

TABLE 3

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

| Seller/Buyer | Related Party | Relationship (Note 1) | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|--------------------------------------|--------------------------------------|--------------------------|--|--------------|------------|---------------|----------------------|---------------|--|------------|----------|
| | | | Purchase/Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| KKStream Limited | KDDI Corporation | a | Solution revenue | \$ (662,077) | (95) | By agreements | \$ - | - | \$ 147,483 | 72 | (Note 2) |
| | KKCompany Media & Technology Limited | b | Other operating cost | 230,500 | 58 | By agreements | - | - | - | - | |
| | KKCompany Technologies Pte. Ltd. | b | Other operating cost | 151,616 | 38 | By agreements | - | - | (24,936) | (54) | |
| KKCompany Japan LLC | KDDI Corporation | a | Subscription revenue and other revenue | (394,537) | (56) | By agreements | - | - | 49,628 | 67 | |
| KKBOX Taiwan Co., Ltd. | Chunghwa Telecom Co., Ltd. | a | Subscription revenue and other revenue | (384,221) | (32) | By agreements | - | - | 65,940 | 48 | |
| | KKCompany Media & Technology Limited | b | Other operating cost | 165,090 | 17 | By agreements | - | - | - | - | (Note 2) |
| | KKCompany Technologies Pte. Ltd. | b | Other operating cost | 132,734 | 14 | By agreements | - | - | (15,975) | (5) | (Note 2) |
| KKCompany Media & Technology Limited | KKStream Limited | b | Solution revenue and other revenue | (230,500) | (40) | By agreements | - | - | - | - | (Note 2) |
| | KKBOX Taiwan Co., Ltd. | b | Solution revenue and other revenue | (165,090) | (29) | By agreements | - | - | - | - | (Note 2) |
| KKCompany Technologies Pte. Ltd. | KKStream Limited | b | Solution revenue and other revenue | (151,616) | (28) | By agreements | - | - | 24,936 | 29 | (Note 2) |
| | KKBOX Taiwan Co., Ltd. | b | Solution revenue and other revenue | (132,734) | (24) | By agreements | - | - | 15,975 | 18 | (Note 2) |
| | Going Cloud Pte. Ltd. | b | Network cost | 134,493 | 70 | By agreements | - | - | - | - | (Note 2) |
| Going Cloud Pte. Ltd. | KKCompany Technologies Pte. Ltd. | b | Solution revenue | (134,493) | (90) | By agreements | - | - | - | - | (Note 2) |

Note 1: a. Investor that has significant influence over the Group.
b. Sister company.

Note 2: Eliminated during the preparation of the consolidated financial statements.

TABLE 4

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|--------------------------------------|----------------------------------|--|---------------------|---------------|---------|---------------|---------------------------------------|-------------------------------|
| | | | | | Amount | Actions Taken | | |
| KKStream Limited | KDDI Corporation | Investor that has significant influence over the Group | \$ 147,483 | 4.59 | \$ - | - | \$ 147,303 | \$ - |
| KKCompany Media & Technology Limited | KKCompany Technologies Pte. Ltd. | Parent company | 105,468 (Note a) | (Note b) | - | - | - | - |

- Note:
- a. Eliminated during the preparation of the consolidated financial statements.
 - b. The other receivable is due from KKCompany Media & Technology Limited transferred its own business and KKCompany Media & Technology Limited, Taiwan branch to KKCompany Technologies Pte. Ltd. Thus, turnover rate of the transactions could not be calculated.

TABLE 5

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

| No. | Company Name | Related Party | Relationship | Transaction Details | | | |
|-----|--------------------------------------|----------------------------------|--------------|---|-----------|--|----------------------------|
| | | | | Financial Statement Account | Amount | Payment Terms | % to Total Sales or Assets |
| 1 | KKCompany Japan LLC | KKStream Limited | c | Solution revenue | \$ 79,291 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 2.67 |
| 2 | KKCompany Media & Technology Limited | KKStream Limited | c | Solution revenue and other revenue | 230,500 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 7.77 |
| | | KKBOX Taiwan Co., Ltd. | c | Solution revenue and other revenue | 165,090 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 5.56 |
| | | KKCompany Japan LLC | c | Solution revenue | 62,070 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 2.09 |
| | | KKCompany Technologies Pte. Ltd. | c | Revenue from disposal of branch office (Note 4) | 45,234 | Group restructure under common control, the transaction price was determined based on the book value. | 1.52 |
| | | | c | Revenue from business transfer (Note 4) | 63,305 | Business transfer under common control, the transaction price was determined based on the book value. | 2.13 |
| | | | c | Other receivables (Note 4) | 105,468 | Group restructure and business transfer under common control, the transactions price were determined based on the book value. | 2.33 |
| 3 | KKCompany Technologies Pte. Ltd. | KKBOX Taiwan Co., Ltd. | c | Solution revenue | 132,734 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 4.47 |
| | | KKStream Limited | c | Solution revenue and other revenue | 151,616 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 5.11 |
| | | KKCompany Japan LLC | c | Solution revenue | 41,573 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 1.40 |
| 4 | Going Cloud Pte. Ltd. | KKCompany Technologies Pte. Ltd. | c | Solution revenue | 134,493 | The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties | 4.53 |
| 5 | KKStream Limited | KKCompany Technologies Pte. Ltd. | c | Revenue from business transfer (Note 5) | 54,164 | Business transfer under common control, the transaction price was determined based on the book value. | 1.82 |
| | | | c | Other receivables (Note 5) | 51,537 | Business transfer under common control, the transaction price was determined based on the book value. | 1.14 |

Note 1: This table includes transactions for amounts exceeding 1% of the consolidated total operating revenue or consolidated total assets.

Note 2: Eliminated during the preparation of the consolidated financial statements.

(Continued)

Note 3: There are three types of relationships between the parent company and its subsidiaries.

- a. Represents the transactions from the parent company to the subsidiary.
- b. Represents the transactions from the subsidiary company to the parent.
- c. Represents the transactions between subsidiaries.

Note 4: KKCompany Media & Technology Limited transferred its own business and KKCompany Media & Technology Limited, Taiwan branch to KKCompany Technologies Pte. Ltd.

Note 5: KKStream Limited transferred its business to KKCompany Technologies Pte. Ltd.

(Concluded)

TABLE 6

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company | Investee Company | Location | Main Business and Product | Investment Amount | | As of December 31, 2023 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|----------------------------------|--------------------------------------|-----------|---|------------------------|------------------------|-------------------------|--------|-----------------|-----------------------------------|------------------------|--------|
| | | | | December 31, 2023 | December 31, 2022 | Number of Shares | % | Carrying Amount | | | |
| KKCompany Technologies Inc. | KKStream Limited | Hong Kong | Providing technical and related services for online video applications | US\$ 300 thousand | US\$ 300 thousand | 300,000 | 100.00 | \$ 600,004 | \$ 95,524 | \$ 95,524 | Note 3 |
| | KKCompany Technologies Pte. Ltd. | Singapore | Software information processing, electronic information supply services, online audio and video streaming technology support services | US\$ 17,478 thousand | US\$ 17,478 thousand | 17,478,234 | 100.00 | 595,826 | 63,041 | 63,041 | Note 3 |
| | Going Cloud Pte. Ltd. | Singapore | Software information processing and electronic information supply services | US\$ 4,200 thousand | US\$ 1 | 4,200,000 | 100.00 | 80,026 | (33,233) | (33,233) | Note 3 |
| | KKBOX International Limited | Hong Kong | Investment | HK\$ 256,142 thousand | HK\$ 256,142 thousand | 449,258,537 | 100.00 | (3,643) | (2,647) | (2,647) | Note 3 |
| | Taiwan Kuro Times Co., Ltd. | Taiwan | Software information processing and electronic information supply services | US\$ 30,000 thousand | - | 2,862,061 | 100.00 | 921,150 | (5,116) | - | Note 4 |
| KKCompany Technologies Pte. Ltd. | KKBOX (Malaysia) Sdn. Bhd. | Malaysia | Software information processing and electronic information supply services | - | MYR 8,425 thousand | - | - | - | 2,694 | 2,694 | Note 5 |
| | KKCompany Japan LLC | Japan | Software information processing and electronic information supply services | JPY 2,294,770 thousand | JPY 2,294,770 thousand | - | 100.00 | 93,234 | (16,943) | (16,943) | Note 3 |
| | KKCompany Media & Technology Limited | Hong Kong | Providing technical and related services for online video applications | HK\$ 7,750 thousand | HK\$ 7,750 thousand | 7,750,000 | 100.00 | 114,976 | 70,455 | 70,455 | Note 3 |
| | KKBOX Taiwan Co., Ltd. | Taiwan | Software information processing and electronic information supply services | 103,560 | 103,560 | 10,356,000 | 70.00 | 292,449 | (30,189) | (21,132) | Note 3 |
| KKBOX Taiwan Co., Ltd. | KKBOX Hong Kong Limited | Hong Kong | Software information processing and electronic information supply services | HK\$ 4,700 thousand | HK\$ 4,700 thousand | 4,700,000 | 100.00 | 184,497 | 37,937 | 37,937 | Note 3 |
| Going Cloud Pte. Ltd. | Going Cloud Co., Ltd. | Taiwan | Software information processing and electronic information supply services | 65,245 | - | 9,367,500 | 100.00 | 22,295 | (42,917) | (42,917) | Note 3 |
| | Firstory Co., Ltd. | Taiwan | Software information processing and electronic information supply services | 8,892 | - | 5,489 | 31.26 | (1,462) | (10,731) | (2,988) | Note 6 |
| | Going Cloud Japan LLC | Japan | Software information processing and electronic information supply services | - | - | - | - | - | - | - | Note 7 |
| KKStream Limited | KKStream Technologies Co., Ltd. | Taiwan | Software information processing and electronic information supply services | 30,000 | 30,000 | 3,000,000 | 100.00 | 30,113 | (791) | (791) | Note 3 |

Note 1: Eliminated during the preparation of the consolidated financial statements.

Note 2: As mentioned in Note 1, the table is prepared on the basis that subsidiary companies have been deemed merged or excluded from the very beginning.

Note 3: Subsidiary.

Note 4: December 29, 2023, the Company acquired 100% equity of Taiwan Kuro Times Co., Ltd.

Note 5: In June 2023, KKCompany Technologies Pte. Ltd. acquired all the business operations in KKBOX (Malaysia) Sdn. Bhd. and subsequently sold its 100% equity of KKBOX (Malaysia) Sdn. Bhd. to KKCompany Inc.

Note 6: The Group’s associate, since the investment accounted for has become a credit balance through the equity method, it has been recorded as other non-current liabilities.

Note 7: Registration of establishment was completed in December 2023; however, no capital injection has been made as of December 31, 2023.

TABLE 7**KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

| Name of Major Shareholder | Shares | |
|-----------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| KDDI Overseas Holdings B.V. | 73,962,906 | 45.10 |
| GIC Private Limited | 27,554,404 | 16.80 |
| H.T.C. (B.V.I.) Corp. | 12,287,635 | 7.49 |
| Li, Peng-Hsuan | 12,008,414 | 7.32 |

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

KKCompany Technologies Inc.

Chairman and CEO : Wang, Hsien Tang