

**KKCompany Technologies Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
KKCompany Technologies Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of KKCompany Technologies Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 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 review result is not modified in respect of this matter.

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

Chih-ming, Shao

Kuo-Ning, Huang

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2023

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,349,436	59	\$ 1,131,369	48	\$ 1,090,295	47
Financial assets at amortized cost (Note 8)	143,162	3	137,786	6	146,883	7
Contract assets (Notes 18 and 26)	-	-	26,700	1	12,542	1
Trade receivables (Notes 9 and 18)	147,482	4	127,228	6	145,214	6
Trade receivables from related parties (Notes 9, 18 and 26)	311,781	8	318,419	14	282,148	12
Other receivables	1,782	-	359	-	305	-
Other receivables from related parties (Note 26)	1,610	-	7,438	-	6,766	-
Current tax assets	1,108	-	16,229	1	29,703	1
Prepayments (Note 10)	227,452	6	284,975	12	288,082	13
Other current assets	3,248	-	8,523	-	8,048	-
Total current assets	<u>3,187,061</u>	<u>80</u>	<u>2,059,026</u>	<u>88</u>	<u>2,009,986</u>	<u>87</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	7,800	-	7,645	-	-	-
Plant, property and equipment (Note 12)	20,138	1	14,751	1	15,420	1
Right-of-use assets (Note 13)	17,310	-	3,860	-	5,593	-
Intangible assets (Note 14)	4,849	-	219	-	257	-
Deferred tax assets	20,502	1	2,144	-	4,546	-
Long-term prepayments (Note 10)	682,511	17	227,331	10	248,878	11
Net defined benefit assets (Note 16)	5,355	-	5,423	-	-	-
Refundable deposits (Note 26)	28,098	1	22,076	1	22,353	1
Total non-current assets	<u>786,563</u>	<u>20</u>	<u>283,449</u>	<u>12</u>	<u>297,047</u>	<u>13</u>
TOTAL	<u>\$ 3,973,624</u>	<u>100</u>	<u>\$ 2,342,475</u>	<u>100</u>	<u>\$ 2,307,033</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Notes 18 and 26)	\$ 78,488	2	\$ 93,751	4	\$ 85,185	4
Notes and trade payables	556,895	14	782,398	34	847,479	37
Trade payables to related parties (Note 26)	7,522	-	7,670	1	10,524	-
Other payables (Note 15)	165,164	4	143,012	6	111,958	5
Other payables to related parties (Note 26)	6,631	-	3,516	-	21,117	1
Current tax liabilities	15,510	1	25,932	1	20,209	1
Lease liabilities (Note 13)	14,473	-	3,335	-	4,468	-
Other current liabilities	65,269	2	53,203	2	25,152	1
Total current liabilities	<u>909,952</u>	<u>23</u>	<u>1,112,817</u>	<u>48</u>	<u>1,126,092</u>	<u>49</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	33,256	1	27,327	1	22,441	1
Lease liabilities (Note 13)	2,641	-	170	-	581	-
Other non-current liabilities (Note 26)	500	-	-	-	-	-
Net defined benefit liabilities (Note 16)	7,708	-	7,514	-	23,679	1
Total non-current liabilities	<u>44,105</u>	<u>1</u>	<u>35,011</u>	<u>1</u>	<u>46,701</u>	<u>2</u>
Total liabilities	<u>954,057</u>	<u>24</u>	<u>1,147,828</u>	<u>49</u>	<u>1,172,793</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)						
Ordinary shares	1,639,960	41	1,043,800	45	-	-
Capital surplus	1,455,614	37	-	-	-	-
Retained earnings	-	-	-	-	-	-
Legal reserve	3,134	-	-	-	-	-
Unappropriated earnings	49,483	1	31,341	1	-	-
Total retained earnings	<u>52,617</u>	<u>1</u>	<u>31,341</u>	<u>1</u>	<u>-</u>	<u>-</u>
Other equity	(262,015)	(6)	(23,831)	(1)	-	-
Total equity attributable to owners of the Company	<u>2,886,176</u>	<u>73</u>	<u>1,051,310</u>	<u>45</u>	<u>-</u>	<u>-</u>
EQUITY ATTRIBUTABLE TO FORMER OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL						
	-	-	19,537	1	1,006,168	44
EQUITY ATTRIBUTABLE TO SUBSEQUENT OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL						
	-	-	(10,000)	(1)	(25)	-
NON-CONTROLLING INTERESTS (Note 17)						
Total equity	<u>3,019,567</u>	<u>76</u>	<u>1,194,647</u>	<u>51</u>	<u>1,134,240</u>	<u>49</u>
TOTAL	<u>\$ 3,973,624</u>	<u>100</u>	<u>\$ 2,342,475</u>	<u>100</u>	<u>\$ 2,307,033</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 10, 2023)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 18 and 26)	\$ 649,394	100	\$ 702,929	100	\$ 2,153,010	100	\$ 2,210,204	100
OPERATING COSTS (Notes 19 and 26)	<u>452,374</u>	<u>70</u>	<u>440,806</u>	<u>63</u>	<u>1,345,931</u>	<u>62</u>	<u>1,368,803</u>	<u>62</u>
GROSS PROFIT	<u>197,020</u>	<u>30</u>	<u>262,123</u>	<u>37</u>	<u>807,079</u>	<u>38</u>	<u>841,401</u>	<u>38</u>
OPERATING EXPENSES (Notes 19 and 26)								
Selling and marketing expenses	80,921	12	23,202	3	161,668	7	118,271	5
General and administrative expenses	110,504	17	124,427	18	356,697	17	382,591	17
Research and development expenses	74,773	12	79,202	11	272,118	13	213,815	10
Expected credit loss	<u>265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>266,463</u>	<u>41</u>	<u>226,831</u>	<u>32</u>	<u>790,718</u>	<u>37</u>	<u>714,677</u>	<u>32</u>
INCOME (LOSS) FROM OPERATIONS	<u>(69,443)</u>	<u>(11)</u>	<u>35,292</u>	<u>5</u>	<u>16,361</u>	<u>1</u>	<u>126,724</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 26)								
Interest income	2,351	-	1,275	-	9,440	-	2,729	-
Other income	637	-	626	-	1,778	-	16,694	1
Other gains and losses	9,760	2	16,985	3	11,512	1	28,404	1
Financial costs	(53)	-	(25)	-	(305)	-	(98)	-
Share of loss of associate accounted for using the equity method	<u>(1,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>11,367</u>	<u>2</u>	<u>18,861</u>	<u>3</u>	<u>20,389</u>	<u>1</u>	<u>47,729</u>	<u>2</u>
INCOME (LOSS) BEFORE INCOME TAX	(58,076)	(9)	54,153	8	36,750	2	174,453	8
INCOME TAX GAIN (EXPENSE) (Note 20)	<u>18,799</u>	<u>3</u>	<u>(10,756)</u>	<u>(2)</u>	<u>(7,018)</u>	<u>(1)</u>	<u>(32,977)</u>	<u>(2)</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>(39,277)</u>	<u>(6)</u>	<u>43,397</u>	<u>6</u>	<u>29,732</u>	<u>1</u>	<u>141,476</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences on translation to the presentation currency	77,686	12	72,560	10	99,995	5	143,891	7

(Continued)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of foreign financial statements	\$ (22,593)	(4)	\$ (38,779)	(5)	\$ (42,142)	(2)	\$ (90,675)	(4)
Share of the other comprehensive income of associates accounted for using the equity method	<u>56</u>	-	<u>-</u>	-	<u>53</u>	-	<u>-</u>	-
Total other comprehensive income for the period	<u>55,149</u>	<u>8</u>	<u>33,781</u>	<u>5</u>	<u>57,906</u>	<u>3</u>	<u>53,216</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 15,872</u>	<u>2</u>	<u>\$ 77,178</u>	<u>11</u>	<u>\$ 87,638</u>	<u>4</u>	<u>\$ 194,692</u>	<u>9</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ (27,042)	(4)	\$ -	-	\$ 41,054	2	\$ -	-
Former owner of business combination under common control	-	-	39,601	6	(7,416)	(1)	133,082	6
Subsequent owner of business combination under common control	-	-	345	-	-	-	956	-
Non-controlling interests	<u>(12,235)</u>	<u>(2)</u>	<u>3,451</u>	<u>-</u>	<u>(3,906)</u>	<u>-</u>	<u>7,438</u>	<u>-</u>
	<u>\$ (39,277)</u>	<u>(6)</u>	<u>\$ 43,397</u>	<u>6</u>	<u>\$ 29,732</u>	<u>1</u>	<u>\$ 141,476</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 26,110	4	\$ -	-	\$ 96,396	4	\$ -	-
Former owner of business combination under common control	-	-	70,818	10	(7,416)	-	181,673	8
Subsequent owner of business combination under common control	-	-	441	-	-	-	1,225	-
Non-controlling interests	<u>(10,238)</u>	<u>(2)</u>	<u>5,919</u>	<u>1</u>	<u>(1,342)</u>	<u>-</u>	<u>11,794</u>	<u>1</u>
	<u>\$ 15,872</u>	<u>2</u>	<u>\$ 77,178</u>	<u>11</u>	<u>\$ 87,638</u>	<u>4</u>	<u>\$ 194,692</u>	<u>9</u>
EARNINGS (LOSSES) PER SHARE (Note 21)								
Basic	<u>\$ (0.19)</u>		<u>\$ 0.38</u>		<u>\$ 0.27</u>		<u>\$ 1.28</u>	
Diluted	<u>\$ (0.19)</u>		<u>\$ 0.38</u>		<u>\$ 0.27</u>		<u>\$ 1.28</u>	

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

(With Deloitte & Touche review report dated November 10, 2023)

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KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Tainan Dollars)

	Equity Attributable to Owners of the Company (Note 17)											
	Shares (In Thousands)	Amount	Capital Surplus	Retained Earnings			Other Equity		Equity Attributable to Former Owner of Business Combination under Common Control	Equity Attributable to Subsequent Owner of Business Combination under Common Control	Non-controlling Interests	Total Equity
				Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unearned Employee Compensation	Total				
BALANCE AT JANUARY 1, 2022	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 809,030	\$ 1,750	\$ 116,303	\$ 927,103
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)	-	(3,000)
Net income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	133,082	956	7,438	141,476
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	48,591	269	4,356	53,216
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	181,673	1,225	11,794	191,692
BALANCE AT SEPTEMBER 30, 2022	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,006,168	\$ (25)	\$ 128,097	\$ 1,134,240
BALANCE AT JANUARY 1, 2023	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	-	-	-	-	(3,134)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(3,928)	-	-	-	-	-	-	-
Issuance of ordinary shares	56,520	565,200	1,187,500	-	(7,409)	-	-	1,748,772	-	-	-	1,748,772
Acquisition of associate (Note 26)	-	-	-	-	(7,409)	-	-	(7,409)	-	-	-	(7,409)
Disposal of subsidiary (Note 23)	-	-	-	-	(4,738)	6,602	-	1,864	-	-	-	1,864
Share-based payment transactions	3,096	30,960	268,114	-	-	-	(298,560)	514	-	-	-	514
Net income (loss) for the nine months ended September 30, 2023	-	-	-	-	41,054	-	-	41,054	(7,416)	-	(3,906)	29,732
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	55,342	-	55,342	-	-	2,564	57,906
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	41,054	55,342	-	96,396	(7,416)	-	(1,342)	87,658
Organization restructure	-	-	-	-	(3,703)	(1,568)	-	(5,271)	-	10,000	933	(6,459)
BALANCE AT SEPTEMBER 30, 2023	163,996	\$ 1,639,960	\$ 1,455,614	\$ 49,483	\$ 36,545	\$ -	\$ (298,560)	\$ 2,886,176	\$ -	\$ 133,391	\$ 133,391	\$ 3,019,567

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated November 10, 2023)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 36,750	\$ 174,453
Adjustments for:		
Depreciation expense	29,294	16,223
Amortization expense	1,967	5,386
Expected credit loss	235	-
Net loss on fair value changes of financial assets at fair value through profit or loss	223	-
Financial costs	305	98
Interest income	(9,440)	(2,729)
Gain on disposal of plant, property and equipment	-	(17)
Share of loss of associate accounted for using the equity method	2,036	-
Compensation cost of share-based payment transactions	514	-
Impairment loss on prepayments	6,419	-
Changes in operating assets and liabilities		
Contract assets	26,700	(12,542)
Trade receivables	(23,115)	10,884
Trade receivables from related parties	6,638	(5,557)
Other receivables	(1,423)	152
Other receivables from related parties	5,382	(6,161)
Prepayments	143,481	(269,023)
Other current assets	5,275	1,442
Contract liabilities	(15,204)	(24,995)
Notes and trade payables	(225,495)	121,262
Trade payables to related parties	(123)	850
Other payables	23,189	(36,300)
Other payables to related parties	3,115	1,663
Other current liabilities	262	947
Net defined benefit assets/liabilities	12,094	14,416
Cash generated from (used in) operations	29,079	(9,548)
Interest received	9,440	2,729
Interest paid	(305)	(98)
Income tax paid	(14,942)	(43,916)
Net cash generated from (used in) operating activities	23,272	(50,833)

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KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease of financial assets at amortized cost	\$ (5,376)	\$ 16,108
Acquisition of associate	(8,892)	-
Net cash inflow from disposal of subsidiary	4,443	-
Prepayments for investments	(548,590)	-
Payments for plant, property and equipment	(14,752)	(2,783)
Proceeds from disposal of plant, property and equipment	-	44
Payments for intangible assets	(6,605)	-
Increase in refundable deposits	<u>(6,066)</u>	<u>(369)</u>
Net cash (used in) generated from investing activities	<u>(585,838)</u>	<u>13,000</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	(6,017)	-
Repayment of lease liabilities	<u>(20,028)</u>	<u>(6,001)</u>
Net cash generated from financing activities	<u>1,722,727</u>	<u>6,444</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS		
	<u>57,906</u>	<u>53,485</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,218,067	22,096
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,131,369</u>	<u>1,068,199</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,349,436</u>	<u>\$ 1,090,295</u>

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

(With Deloitte & Touche review report dated November 10, 2023)

(Concluded)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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.

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 functional currency of the Company is the U.S. dollar. However, due to the Company's intention to apply for listing on the Taiwan Stock Exchange, 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 reported to the board of directors on November 10, 2023.

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 "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have any material impact on the Group's accounting policies

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 IFRSs endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRSs 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 the aforementioned standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by 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 IFRSs 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

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit assets/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. 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). 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.

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 businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Share-based payment arrangements

Equity-settled share-based payment arrangements

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.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee restricted shares.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the significant accounting judgments, estimates, and assumptions uncertainty disclosures in the 2022 consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 116	\$ 209	\$ 155
Checking accounts and demand deposits	1,988,987	813,938	767,595
Cash equivalents (time deposits with original maturities of 3 months or less)	<u>360,333</u>	<u>317,222</u>	<u>322,545</u>
	<u>\$ 2,349,436</u>	<u>\$ 1,131,369</u>	<u>\$ 1,090,295</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Checking accounts and demand deposits	0.001%-2%	0.001%-2.98%	0.001%-2.98%
Cash equivalents			
Time deposits with original maturities of 3 months or less	1.1%-4.67%	0.975%-4.45%	0.85%-3.7%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily classified as at FVTPL			
Convertible note	<u>\$ 7,800</u>	<u>\$ 7,645</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with original maturities of more than 3 months	<u>\$ 143,162</u>	<u>\$ 137,786</u>	<u>\$ 146,883</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022 the interest rates for time deposits with original maturities of more than 3 months were 1.3%, 1.175%-2.5% and 1.05%-2.5%, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
At amortized cost			
Trade receivables	\$ 147,839	\$ 128,321	\$ 145,521
Trade receivable from related parties	311,781	318,419	282,148
Less: Allowance for impairment loss	<u>(357)</u>	<u>(1,093)</u>	<u>(307)</u>
	<u>\$ 459,263</u>	<u>\$ 445,647</u>	<u>\$ 427,362</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 for the nine months ended September 30, 2023 is between 0.01% and 17.74%. 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% 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	\$ 454,281	\$ 436,323	\$ 392,163
Overdue 1-90 days	4,174	2,001	31,207
Overdue 91-180 days	802	5,513	1,777
Overdue Over 181 days	<u>363</u>	<u>2,903</u>	<u>2,522</u>
Gross carrying amount	459,620	446,740	427,669
Loss allowance (Lifetime ECLs)	<u>(357)</u>	<u>(1,093)</u>	<u>(307)</u>
Amortized cost	<u>\$ 459,263</u>	<u>\$ 445,647</u>	<u>\$ 427,362</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 1,093	\$ 307
Add: Expect credit loss	235	-
Less: Amounts written off	(938)	-
Effects of foreign currency exchange differences	<u>(33)</u>	<u>-</u>
Balance at September 30	<u>\$ 357</u>	<u>\$ 307</u>

10. PREPAYMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepaid cloud computing costs	\$ 102,591	\$ 126,237	\$ 176,273
Prepaid content royalties	86,936	147,438	93,146
Others	<u>37,925</u>	<u>11,300</u>	<u>18,393</u>
	<u>\$ 227,452</u>	<u>\$ 284,975</u>	<u>\$ 288,082</u>
<u>Non-current</u>			
Prepaid content royalties	\$ 133,921	\$ 227,331	\$ 248,878
Prepayment for investments	<u>548,590</u>	<u>-</u>	<u>-</u>
	<u>\$ 682,511</u>	<u>\$ 227,331</u>	<u>\$ 248,878</u>

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 nine months ended September 30, 2023.

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. from a non-related party 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 31, 2023. As of September 30, 2023, the prepayment for the acquisition was \$484,050 thousand.

In order to expand streaming technology and business development of the Group, and 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 Mirco Incorporation. The transaction date is November 30, 2023. As of September 30, 2023, the prepayment for the acquisition was \$64,540 thousand (US\$2,000 thousand).

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	Combined Shareholding Ratio (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
KKCompany Technologies Inc.	KKCompany Technologies Pte. Ltd.	Software information processing, and electronic information supply services	100	100	100	
	KKBOX International Limited	Investment	100	100	100	
	KKStream Limited	Providing technical and related services for online video applications	100	100	100	
	Going Cloud Pte. Ltd.	Software information processing, and electronic information supply services	100	100	100	
KKCompany Technologies Pte. Ltd.	KKBOX Taiwan Co., Ltd.	Software information processing, and electronic information supply services	70	70	70	
	KKCompany Media & Technology Limited	Providing technical and related services for online video applications	100	100	100	
	KKBOX (Malaysia) Sdn. Bhd.	Software information processing, and electronic information supply services	-	100	100	a
	KKCompany Japan LLC	Software information processing, and electronic information supply services	100	100	100	

(Continued)

Investor	Investee	Main Business	Combined Shareholding Ratio (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
KKStream Limited	KKStream Technologies Co., Ltd.	Software information processing, and electronic information supply services	100	100	100	
Going Cloud Pte. Ltd.	Going Cloud Co., Ltd.	Software information processing, and electronic information supply services	100	100	100	b
KKBOX Taiwan Co., Ltd.	KKBOX Hong Kong Limited	Software information processing, and electronic information supply services	100	100	100	

(Concluded)

- a. 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 23.
- b. In March 2023, Going Cloud Pte. Ltd. purchased 100% equity in Going Cloud Co., Ltd. from KKCompany Inc.

The financial statements of subsidiaries included in the consolidated financial statements were reviewed by independent auditors.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement	Computer and Communication Equipment	Office Equipment	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 28,625	\$ 153,735	\$ 5,083	\$ 187,443
Additions	300	10,974	3,478	14,752
Disposals	(1,003)	(25,655)	(3,332)	(29,990)
Effect of foreign currency exchange differences	(222)	(70)	(115)	(407)
Balance at September 30, 2023	<u>\$ 27,700</u>	<u>\$ 138,984</u>	<u>\$ 5,114</u>	<u>\$ 171,798</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2023	\$ (26,538)	\$ (142,043)	\$ (4,111)	\$ (172,692)
Depreciation expense	(449)	(8,384)	(298)	(9,131)
Disposals	1,003	25,655	3,332	29,990
Effect of foreign currency exchange differences	91	34	48	173
Balance at September 30, 2023	<u>\$ (25,893)</u>	<u>\$ (124,738)</u>	<u>\$ (1,029)</u>	<u>\$ (151,660)</u>
Carrying amount at September 30, 2023	<u>\$ 1,807</u>	<u>\$ 14,246</u>	<u>\$ 4,085</u>	<u>\$ 20,138</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 2,087</u>	<u>\$ 11,692</u>	<u>\$ 972</u>	<u>\$ 14,751</u>

(Continued)

	Leasehold Improvement	Computer and Communication Equipment	Office Equipment	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 34,523	\$ 223,619	\$ 12,737	\$ 270,879
Additions	-	2,783	-	2,783
Disposals	(6,208)	(40,715)	(7,661)	(54,584)
Effect of foreign currency exchange differences	<u>(243)</u>	<u>(122)</u>	<u>(137)</u>	<u>(502)</u>
Balance at September 30, 2022	<u>\$ 28,072</u>	<u>\$ 185,565</u>	<u>\$ 4,939</u>	<u>\$ 218,576</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ (32,242)	\$ (203,548)	\$ (12,167)	\$ (247,957)
Depreciation expense	(597)	(9,318)	(166)	(10,081)
Disposals	6,208	40,688	7,661	54,557
Effect of foreign currency exchange differences	<u>119</u>	<u>101</u>	<u>105</u>	<u>325</u>
Balance at September 30, 2022	<u>\$ (26,512)</u>	<u>\$ (172,077)</u>	<u>\$ (4,567)</u>	<u>\$ (203,156)</u>
Carrying amount at September 30, 2022	<u>\$ 1,560</u>	<u>\$ 13,488</u>	<u>\$ 372</u>	<u>\$ 15,420</u> (Concluded)

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

<u>Category</u>	<u>Useful Life</u>
Leasehold improvement	3 years
Computer and communication equipment	2-5 years
Office equipment	2-15 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Office	<u>\$ 17,310</u>	<u>\$ 3,860</u>	<u>\$ 5,593</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	2023	2022	2023
Additions to right-of-use assets			<u>\$ 33,864</u>
Depreciation charge for right-of-use assets			
Office	<u>\$ 6,589</u>	<u>\$ 2,068</u>	<u>\$ 20,163</u>
			<u>\$ 6,142</u>

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 14,473</u>	<u>\$ 3,335</u>	<u>\$ 4,468</u>
Non-current	<u>\$ 2,641</u>	<u>\$ 170</u>	<u>\$ 581</u>

Range of discount rates for lease liabilities were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Office	1.55%	1.55%-1.8%	1.55%-1.8%

c. Material leasing activities and terms

The Group leases buildings for the use of offices with lease terms of 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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 2,875</u>	<u>\$ 9,788</u>	<u>\$ 7,471</u>	<u>\$ 30,512</u>
Expenses relating to low-value asset leases	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 5</u>	<u>\$ 8</u>
Total cash outflow for leases			<u>\$ 27,809</u>	<u>\$ 36,619</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Lease commitments	<u>\$ 489,379</u>	<u>\$ -</u>	<u>\$ -</u>

14. INTANGIBLE ASSETS

	Computer Software	Other	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 7,146	\$ 322	\$ 7,468
Additions	6,605	-	6,605
Effect of foreign currency exchange differences	<u>75</u>	<u>(22)</u>	<u>53</u>
Balance at September 30, 2023	<u>\$ 13,826</u>	<u>\$ 300</u>	<u>\$ 14,126</u>

(Continued)

	Computer Software	Other	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ (6,970)	\$ (279)	\$ (7,249)
Amortization	(1,925)	(42)	(1,967)
Effect of foreign currency exchange differences	<u>(82)</u>	<u>21</u>	<u>(61)</u>
Balance at September 30, 2023	<u>\$ (8,977)</u>	<u>\$ (300)</u>	<u>\$ (9,277)</u>
Carrying amount at September 30, 2023	<u>\$ 4,849</u>	<u>\$ -</u>	<u>\$ 4,849</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 176</u>	<u>\$ 43</u>	<u>\$ 219</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 6,968	\$ 6,119	\$ 13,087
Effect of foreign currency exchange differences	<u>253</u>	<u>(28)</u>	<u>225</u>
Balance at September 30, 2022	<u>\$ 7,221</u>	<u>\$ 6,091</u>	<u>\$ 13,312</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ (6,285)	\$ (1,141)	\$ (7,426)
Amortization	(468)	(4,918)	(5,386)
Effect of foreign currency exchange differences	<u>(267)</u>	<u>24</u>	<u>(243)</u>
Balance at September 30, 2022	<u>\$ (7,020)</u>	<u>\$ (6,035)</u>	<u>\$ (13,055)</u>
Carrying amount at September 30, 2022	<u>\$ 201</u>	<u>\$ 56</u>	<u>\$ 257</u> (Concluded)

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

<u>Category</u>	<u>Useful Life</u>
Computer software	1-6 years
Other	1-5 years

15. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries and bonuses	\$ 66,778	\$ 65,497	\$ 49,843
Payables for labor, health insurances and retirement pension	14,214	10,027	10,074
Payables for professional fees	25,655	15,273	18,736
Payables for advertising expenses	34,759	23,663	5,595
Others	<u>23,758</u>	<u>28,552</u>	<u>27,710</u>
	<u>\$ 165,164</u>	<u>\$ 143,012</u>	<u>\$ 111,958</u>

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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 employee's individual pension accounts at 6% of their monthly salaries and wages.

Subsidiary in Japan accrues retirement benefits based on a fixed percentage of the local government's prescribed standard wages.

b. Defined benefit plans

For the three months and nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$105 thousand, \$316 thousand, \$315 thousand and \$947 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

17. EQUITY

a. Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares issued (in thousands)	<u>163,996</u>	<u>104,380</u>	<u>-</u>
Amount of shares issued	<u>\$ 1,639,960</u>	<u>\$ 1,043,800</u>	<u>\$ -</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 November 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 capital increase 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 22.

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.

b. Capital surplus

September 30,
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 19-7 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:

	2022
Legal reserve	<u>\$ 3,134</u>
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 22.

	For the Nine Months Ended September 30, 2023
Balance at January 1	\$ -
Issuance of shares	(299,074)
Compensation cost of share-based payment transactions	<u>514</u>
Balance at September 30	<u>\$ (298,560)</u>
e. Non-controlling interests	

	For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 133,800	\$ 116,303
Attributable to non-controlling interests		
Net (loss) income recognized for the period	(3,906)	7,438
Other comprehensive income recognized for the period	2,564	4,356
Organization restructure	<u>933</u>	<u>-</u>
Balance at September 30	<u>\$ 133,391</u>	<u>\$ 128,097</u>

18. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Subscription revenue	\$ 444,521	\$ 533,799	\$ 1,476,580	\$ 1,637,228
Solution revenue	159,285	132,408	546,425	437,598
Other revenue	<u>45,588</u>	<u>36,722</u>	<u>130,005</u>	<u>135,378</u>
	<u>\$ 649,394</u>	<u>\$ 702,929</u>	<u>\$ 2,153,010</u>	<u>\$ 2,210,204</u>

a. Contract information

Please refer to 2022 Consolidated Financial Statements Note 4 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES".

b. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Trade receivables (including those from related parties)	\$ 459,263	\$ 445,647	\$ 427,362	\$ 432,689
Contract assets	\$ -	\$ 26,700	\$ 12,542	\$ -
Contract liabilities	\$ 78,488	\$ 93,751	\$ 85,185	\$ 110,180

The changes in the balance of the contract assets and liabilities primarily result from the timing difference between the Group's completion of performance obligations and the respective customer's payments.

c. Disaggregation of revenue

Please refer to Note 29 "SEGMENT INFORMATION".

19. NET INCOME

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 2,351	\$ 1,275	\$ 9,150	\$ 2,729
Loans to related parties	-	-	290	-
	<u>\$ 2,351</u>	<u>\$ 1,275</u>	<u>\$ 9,440</u>	<u>\$ 2,729</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income	\$ 496	\$ 306	\$ 1,504	\$ 885
Government grants	-	242	17	4,752
Gain on disposal of miscellaneous purchases	11	78	11	11,057
Others	<u>130</u>	<u>-</u>	<u>246</u>	<u>-</u>
	<u>\$ 637</u>	<u>\$ 626</u>	<u>\$ 1,778</u>	<u>\$ 16,694</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange gain	\$ 7,706	\$ 16,985	\$ 9,681	\$ 28,408
Loss on fair value changes of financial assets at FVTPL	-	-	(223)	-
Gain on disposal of property, plant and equipment	-	-	-	17
Others	<u>2,054</u>	<u>-</u>	<u>2,054</u>	<u>(21)</u>
	<u>\$ 9,760</u>	<u>\$ 16,985</u>	<u>\$ 11,512</u>	<u>\$ 28,404</u>

d. Financial costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 53</u>	<u>\$ 25</u>	<u>\$ 305</u>	<u>\$ 98</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 3,225	\$ 3,071	\$ 9,131	\$ 10,081
Right-of-use assets	6,589	2,068	20,163	6,142
Intangible assets	<u>666</u>	<u>99</u>	<u>1,967</u>	<u>5,386</u>
	<u>\$ 10,480</u>	<u>\$ 5,238</u>	<u>\$ 31,261</u>	<u>\$ 21,609</u>
An analysis of depreciation by function				
Operating costs	\$ 375	\$ 1,005	\$ 1,214	\$ 3,633
Operating expenses	<u>9,439</u>	<u>4,134</u>	<u>28,080</u>	<u>12,590</u>
	<u>\$ 9,814</u>	<u>\$ 5,139</u>	<u>\$ 29,294</u>	<u>\$ 16,223</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 666</u>	<u>\$ 99</u>	<u>\$ 1,967</u>	<u>\$ 5,386</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 192,177	\$ 133,421	\$ 542,911	\$ 404,538
Post-employment benefits				
Defined contribution plans	6,664	4,511	19,288	14,389
Defined benefit plans	105	316	315	947
	<u>6,769</u>	<u>4,827</u>	<u>19,603</u>	<u>15,336</u>
Share-based payments				
Equity-settled	514	-	514	-
	<u>\$ 199,460</u>	<u>\$ 138,248</u>	<u>\$ 563,028</u>	<u>\$ 419,874</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 32,930	\$ 29,610	\$ 84,216	\$ 81,516
Operating expenses	<u>166,530</u>	<u>108,638</u>	<u>478,812</u>	<u>338,358</u>
	<u>\$ 199,460</u>	<u>\$ 138,248</u>	<u>\$ 563,028</u>	<u>\$ 419,874</u>

g. Compensation of employees and remuneration of directors

On July 28, 2023, the Company's Articles of 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 nine months ended September 30, 2023 are as follows:

	For the Nine Months Ended September 30, 2023
Employee's compensation	1%
Remuneration of directors	-
<u>Amount</u>	
	For the Nine Months Ended September 30, 2023
Employee's compensation	\$ 436
Remuneration of directors	\$ -

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.

20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense (benefit) were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ (43)	\$ 6,890	\$ 14,581	\$ 24,902
Income tax on unappropriated earnings		-	2,041	-
Adjustments for the prior years	<u>2,877</u>	<u>-</u>	<u>3,019</u>	<u>-</u>
	<u>2,834</u>	<u>6,890</u>	<u>19,641</u>	<u>24,902</u>
Deferred tax				
In respect of the current year	<u>(21,633)</u>	<u>3,866</u>	<u>(12,623)</u>	<u>8,075</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (18,799)</u>	<u>\$ 10,756</u>	<u>\$ 7,018</u>	<u>\$ 32,977</u>

b. Income tax assessments

The information of income tax assessments for taxation entities in Taiwan of the Group is as follows:

Company Name	Tax-exemption Period
KKBOX Taiwan Co., Ltd.	2021
KKStream Limited, Taiwan Branch	2021
Going Cloud Co., Ltd.	2021
KKCompany Technologies Pte. Ltd., Taiwan Branch	2021

21. EARNINGS (LOSSES) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings (losses) per share	<u>\$ (0.19)</u>	<u>\$ 0.38</u>	<u>\$ 0.27</u>	<u>\$ 1.28</u>
Diluted earnings (losses) per share	<u>\$ (0.19)</u>	<u>\$ 0.38</u>	<u>\$ 0.27</u>	<u>\$ 1.28</u>

The earnings (losses) and weighted average number of ordinary shares outstanding used in the computation of earnings (losses) per share were as follows:

Net (loss) income for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Owners of the Company	\$ (27,042)	\$ -	\$ 41,054	\$ -
Income (loss) attributable to former owner of business combination under common control	-	39,601	(7,416)	133,082
Income attributable to subsequent owner of business combination under common control	<u>-</u>	<u>345</u>	<u>-</u>	<u>956</u>
	<u>\$ (27,042)</u>	<u>\$ 39,946</u>	<u>\$ 33,638</u>	<u>\$ 134,038</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	144,518	104,380	125,267	104,380
Effect of potentially dilutive ordinary shares				
Compensation of employees	-	-	4	-
Employee restricted shares	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>
	<u>144,518</u>	<u>104,380</u>	<u>125,278</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 17) has been retrospectively adjusted. For the three months ended September 30, 2023 is net loss, which is anti-dilutive, so the compensation of employees and employee restricted shares are excluded from the computation of diluted earnings per share.

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.

22. 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 Nine Months Ended September 30, 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 nine months ended September 30, 2023 was \$514 thousand.

23. DISPOSAL OF SUBSIDIARY

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>

24. 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.

25. 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

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible note	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,800</u>	<u>\$ 7,800</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 nine months ended September 30, 2023

	Financial Assets at FVTPL
Balance at January 1	\$ 7,645
Recognized in profit or loss (other gains and losses)	(223)
Effect of foreign currency exchange differences	<u>378</u>
Balance at September 30	<u>\$ 7,800</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 2,983,351	\$ 1,744,675	\$ 1,693,964
Mandatorily at FVTPL	7,800	7,645	-
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	736,212	936,596	991,078

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) and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost which comprise notes and trade payables (including those to related parties) and other payables (including those to related parties).

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 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 period are (including these eliminated upon consolidation) set out in Note 27.

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.

	September 30, 2023	December 31, 2022	September 30, 2022
Profit or loss			
USD	<u>\$ (9,524)</u>	<u>\$ (12,386)</u>	<u>\$ (12,537)</u>
NTD	<u>\$ 2,779</u>	<u>\$ 4,889</u>	<u>\$ 2,174</u>
JPY	<u>\$ (1,819)</u>	<u>\$ (1,946)</u>	<u>\$ (2,693)</u>
HKD	<u>\$ (742)</u>	<u>\$ (2,398)</u>	<u>\$ (1,239)</u>

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	<u>\$ 503,495</u>	<u>\$ 455,008</u>	<u>\$ 469,428</u>
Lease liabilities	<u>\$ 17,114</u>	<u>\$ 3,505</u>	<u>\$ 5,049</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 1,988,987</u>	<u>\$ 813,938</u>	<u>\$ 767,595</u>

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 10 basis point increase 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 by 10 basis points (0.1%), with all other variables held constant, the impact on the Group's pre-tax net profit is as follows:

	For the Nine Months Ended September 30	
	2023	2022
Increase in profit or loss	<u>\$ 1,492</u>	<u>\$ 576</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) were as follows:

September 30, 2023

	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years
Lease liabilities	<u>\$ 14,473</u>	<u>\$ 2,641</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>

September 30, 2022

	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years
Lease liabilities	<u>\$ 4,468</u>	<u>\$ 581</u>	<u>\$ -</u>	<u>\$ -</u>

26. 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

<u>Related Party Name</u>	<u>Related Party Category</u>
KDDI Corporation (KDDI)	Investor that has significant influence over the Group
Chunghwa Telecom Co., Ltd. (CHT)	Investor that has significant influence over the Group
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)
Just Live Co., Ltd. (Just Live)	Substantive related party (Note 2)
We Rock Creative Co., Ltd.	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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Investors that have significant influence over the Group				
KDDI	\$ 208,008	\$ 219,738	\$ 813,303	\$ 800,193
CHT	90,886	107,184	289,515	346,518
	<u>298,894</u>	<u>326,922</u>	<u>1,102,818</u>	<u>1,146,711</u>
Substantive related parties	<u>13,398</u>	<u>8,013</u>	<u>31,466</u>	<u>27,074</u>
Associate	<u>2,376</u>	<u>1,202</u>	<u>5,785</u>	<u>3,684</u>
	<u>\$ 314,668</u>	<u>\$ 336,137</u>	<u>\$ 1,140,069</u>	<u>\$ 1,177,469</u>

Sales transactions with related parties were by contracts.

c. Operating cost

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Investors that have significant influence over the Group				
KDDI	\$ 1,205	\$ 585	\$ 4,435	\$ 2,715
CHT	11,085	10,931	32,818	32,941
	<u>12,290</u>	<u>11,516</u>	<u>37,253</u>	<u>35,656</u>
Substantive related parties	<u>7,173</u>	<u>5,575</u>	<u>23,977</u>	<u>26,891</u>
Associate	<u>650</u>	<u>1,139</u>	<u>1,587</u>	<u>1,139</u>
	<u>\$ 20,113</u>	<u>\$ 18,230</u>	<u>\$ 62,817</u>	<u>\$ 63,686</u>

d. Operating expenses

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Investors that have significant influence over the Group				
Substantive related parties	\$ 2,079	\$ 2,695	\$ 8,000	\$ 12,615
KKCulture	207	54,931	7,757	168,573
Others	285	2,118	580	32,447
	<u>492</u>	<u>57,049</u>	<u>8,337</u>	<u>201,020</u>
Associate	<u>-</u>	<u>2</u>	<u>-</u>	<u>99</u>
	<u>\$ 2,571</u>	<u>\$ 59,746</u>	<u>\$ 16,337</u>	<u>\$ 213,734</u>

e. Interest income

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Substantive related parties	\$ -	\$ -	\$ 290	\$ -

In February 2023, the Group transferred the other receivables, a 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/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Substantive related parties				
KKCulture	\$ -	\$ 233	\$ -	\$ 11,167
Others	-	123	-	227
	\$ -	\$ 356	\$ -	\$ 11,394

g. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Rental income	Substantive related parties				
	KKLIVE	\$ 359	\$ 198	\$ 1,037	\$ 572
	Associate	-	-	29	-
		\$ 359	\$ 198	\$ 1,066	\$ 572

h. Contract Assets

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Investors that have significant influence over the Group			
KDDI	\$ -	\$ 26,700	\$ 12,542

There is no impairment losses were recognized for contract assets from related parties.

i. Contract liabilities

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Investors that have significant influence over the Group			
KDDI	\$ 1,522	\$ 9,351	\$ 1,550
Others	83	-	-
Substantive related parties	<u>100</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,705</u>	<u>\$ 9,351</u>	<u>\$ 1,550</u>

j. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables from related parties	Investors that have significant influence over the Group			
	KDDI	\$ 219,759	\$ 213,060	\$ 183,424
	CHT	<u>68,271</u>	<u>73,592</u>	<u>79,708</u>
		<u>288,030</u>	<u>286,652</u>	<u>263,132</u>
	Substantive related parties	<u>19,497</u>	<u>31,315</u>	<u>18,612</u>
	Associate	<u>4,254</u>	<u>452</u>	<u>404</u>
		<u>\$ 311,781</u>	<u>\$ 318,419</u>	<u>\$ 282,148</u>
Other receivables from related parties	Investors that have significant influence over the Group			
	KDDI	\$ <u>52</u>	\$ -	\$ -
	Substantive related parties			
	KKCompany Inc.	-	444	-
	KKCulture	-	1,242	1,240
	Walking Entertainment	-	539	1,268
	KKTv	-	511	930
	Others	<u>-</u>	<u>1</u>	<u>1</u>
		<u>-</u>	<u>2,737</u>	<u>3,439</u>
	Associate			
	Firstory	<u>1,558</u>	<u>4,701</u>	<u>3,327</u>
		<u>\$ 1,610</u>	<u>\$ 7,438</u>	<u>\$ 6,766</u>

The outstanding receivables from related parties are unsecured.

k. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022		
Trade payables to related parties	Investors that have significant influence over the Group	CHT	\$ 2,194	\$ 2,235	\$ 573	
		KDDI	<u>5</u>	<u>-</u>	<u>-</u>	
			<u>2,199</u>	<u>2,235</u>	<u>573</u>	
	Substantive related parties	KKFarm	4,645	5,435	8,565	
		Others	<u>-</u>	<u>-</u>	<u>320</u>	
			<u>4,645</u>	<u>5,435</u>	<u>8,885</u>	
	Associate	Firstory Co., Ltd.	<u>678</u>	<u>-</u>	<u>1,066</u>	
			<u>\$ 7,522</u>	<u>\$ 7,670</u>	<u>\$ 10,524</u>	
	Other payables to related parties	Investors that have significant influence over the Group	KDDI	\$ 1,640	\$ -	\$ -
Substantive related parties		KKTV	4,578	2,655	2,866	
		KKCulture	413	-	18,251	
		KKLIVE	<u>-</u>	<u>773</u>	<u>-</u>	
			<u>4,991</u>	<u>3,428</u>	<u>21,117</u>	
Associate			<u>-</u>	<u>88</u>	<u>-</u>	
			<u>\$ 6,631</u>	<u>\$ 3,516</u>	<u>\$ 21,117</u>	

The outstanding payables to related parties are unsecured.

l. Refundable deposits

Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Investors that have significant influence over the Group	\$ 2,175	\$ 2,175	\$ 2,175
Substantive related parties			
KKCulture	<u>-</u>	<u>6,964</u>	<u>6,964</u>
	<u>\$ 2,175</u>	<u>\$ 9,139</u>	<u>\$ 9,139</u>

m. Other transactions with related parties

- 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 in retained earnings.

n. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 8,865	\$ 2,719	\$ 26,274	\$ 8,891
Post-employment benefits	181	77	537	260
Share-based payments	<u>265</u>	<u>-</u>	<u>265</u>	<u>-</u>
	<u>\$ 9,311</u>	<u>\$ 2,796</u>	<u>\$ 27,076</u>	<u>\$ 9,151</u>

The remuneration of directors and key executives is based on the performance of individuals and market trends.

27. 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:

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 2,157	32.27 (USD:TWD)	\$ 69,630
USD	4,444	7.827 (USD:HKD)	143,401
JPY	168,246	0.007 (JPY:USD)	36,375
TWD	45,233	0.031 (TWD:USD)	45,233
<u>Foreign currency liabilities</u>			
Monetary items			
TWD	100,503	0.031 (TWD:USD)	100,503

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 2,092	30.71 (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
<u>Foreign currency liabilities</u>			
Monetary items			
TWD	97,655	0.033 (TWD:USD)	97,655

September 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 2,529	31.75 (USD:TWD)	\$ 80,304
USD	3,781	7.851 (USD:HKD)	120,608
JPY	244,407	0.007 (JPY:USD)	53,794
<u>Foreign currency liabilities</u>			
Monetary items			
TWD	43,412	0.032 (TWD:USD)	43,412

For the three months and nine months ended September 30, 2023 and 2022, net foreign exchange gain (including realized and unrealized) were \$7,706 thousand, \$16,985 thousand, \$9,681 thousand and \$28,408 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.

28. 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

29. 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

Segment revenues and results

	<u>Segment Revenues</u>		<u>Segment Income or Loss</u>	
	<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Music streaming segment	\$ 1,614,794	\$ 1,742,338	\$ 30,440	\$ 78,880
Multimedia segment	492,498	453,327	9,270	50,344
Cloud intelligence segment	45,718	14,539	(23,349)	(2,500)
	<u>\$ 2,153,010</u>	<u>\$ 2,210,204</u>	16,361	126,724
Interest income			9,440	2,729
Other income			1,778	16,694
Other gains and losses			11,512	28,404
Financial costs			(305)	(98)
Share of loss of associate accounted for using the equity method			(2,036)	-
Income before income tax			<u>\$ 36,750</u>	<u>\$ 174,453</u>

TABLE 1

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ -	\$ -	\$ -	\$ 44,463	\$ 88,926	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 a 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
 SEPTEMBER 30, 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	September 30, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
KKCompany Technologies Inc.	Ephod Technology Ltd. convertible Note	-	Financial assets at fair value through profit or loss	-	\$ 7,800	-	\$ 7,800

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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Seller/Buyer	Related Party	Relationship (Note)	Transaction Details		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms		Ending Balance
KKStream Limited	KDDI Corporation KKCompany Media & Technology Limited	a b	Solution revenue	\$ (455,933)	(95)	By agreements	\$	\$ 173,576	96	c
			Other operating cost	230,500	73	By agreements	-	(33,755)	(57)	
KKCompany Japan LLC	KDDI Corporation	a	Subscription revenue and other revenue	(357,370)	(37)	By agreements	-	46,183	61	
KKBOX Taiwan Co., Ltd.	Chunghwa Telecom Co., Ltd. KKCompany Media & Technology Limited	a b	Subscription revenue and other revenue	(289,515)	(32)	By agreements	-	68,271	44	c
			Other operating cost	165,090	23	By agreements	-	(9,177)	(44)	
KKCompany Media & Technology Limited	KKStream Limited KKBOX Taiwan Co., Ltd.	b b	Solution revenue and other revenue	(230,500)	(40)	By agreements	-	33,755	59	c
			Solution revenue and other revenue	(165,090)	(29)	By agreements	-	9,177	16	

Note: a. Investor that has significant influence over the Group.

b. Sister company.

c. Eliminated during the preparation of the consolidated financial statements.

TABLE 4

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 KKCompany Media & Technology Limited	KDDI Corporation KKCompany Technologies Pte. Ltd.	Investor that has significant influence over the Group Parent company	\$ 173,576 108,539 (Note a)	2.78 (Note b)	\$ - -	- -	\$ 83,689 -	\$ - -

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Relationship	Transaction Details			% to Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
1	KKCompany Japan LLC	KKStream Limited	c	Solution revenue	\$ 56,821	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	2.64
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	10.71
		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	7.67
		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	2.88
		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.	2.10
			c	Revenue from business transfer (Note 4)	63,305	Business transfer under common control, the transaction price was determined based on the book value.	2.94
			c	Other receivables (Note 4)	108,539	Group restructure and business transfer under common control, the transactions price were determined based on the book value.	2.73
3	KKCompany Technologies Pte. Ltd.	KKBOX Taiwan Co., Ltd.	c	Solution revenue	48,320	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	2.24
		KKStream Limited	c	Solution revenue and other revenue	67,508	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	3.14
			c	Receipts in advance	57,502	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	1.45
4	Going Cloud Pte. Ltd.	KKCompany Technologies Pte. Ltd.	c	Solution revenue	80,790	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	3.75
			c	Contract liabilities	47,302	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	1.19
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.	2.52
			c	Other receivables (Note 5)	54,164	Business transfer under common control, the transaction price was determined based on the book value.	1.36
6	KKBOX Taiwan Co., Ltd.	KKBOX International Limited	c	Other receivables	49,273	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	1.24

(Continued)

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.

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)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Investment Amount		As of September 30, 2023		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of shares	Carrying Amount			
KKCompany Technologies Inc.	KKStream Limited	Hong Kong	Online audio and video streaming technology support services	US\$ 300 thousand	US\$ 300 thousand	300,000	\$ 549,454	\$ 20,497	\$ 20,497	Subsidiary
	KKCompany Technologies Pte. Ltd.	Singapore	Software information processing, and electronic information supply services	US\$ 17,478 thousand	US\$ 17,478 thousand	17,478,234	744,382	66,683	66,683	Subsidiary
	Going Cloud Pte. Ltd.	Singapore	Software information processing, and electronic information supply services	US\$ 4,200 thousand	US\$ 1 thousand	4,200,000	98,740	(17,814)	(17,814)	Subsidiary
	KKBOX International Limited	Hong Kong	Investment	HK\$ 256,142 thousand	HK\$ 256,142 thousand	449,258,537	(3,934)	(2,730)	(2,730)	Subsidiary
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 3)
	KKCompany Japan LLC	Japan	Software information processing, and electronic information supply services	JPY 2,294,770 thousand	JPY 2,294,770 thousand	-	110,950	3,142	3,142	Subsidiary
	KKCompany Media & Technology Limited	Hong Kong	Online audio and video streaming technology support services	HK\$ 7,750 thousand	HK\$ 7,750 thousand	7,750,000	162,398	68,039	68,039	Subsidiary
KKBOX Taiwan Co., Ltd.	KKBOX Taiwan Co., Ltd.	Taiwan	Software information processing, and electronic information supply services	103,560 thousand	103,560 thousand	10,356,000	311,242	(13,020)	(9,114)	Subsidiary
	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	186,218	30,634	30,634	Subsidiary
Going Cloud Pte. Ltd.	Going Cloud Co., Ltd.	Taiwan	Software information processing, and electronic information supply services	65,245	-	9,367,500	36,397	(28,816)	(28,816)	Subsidiary
	Firstory Co., Ltd.	Taiwan	Software information processing, and electronic information supply services	8,892	-	5,489	(500)	(7,653)	(2,036)	Associate (Note 4)
KKStream Limited	KKStream Technologies Co., Ltd.	Taiwan	Online audio and video streaming technology support services	30,000	30,000	3,000,000	29,978	(925)	(925)	Subsidiary

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: 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 4: Due to the investments accounted for using equity method has become a credit balance, it is recorded as other non-current liabilities.