

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2023 and 2022**

**Address: 12Fl, No. 105, Sec. 2, Tun Hwa S. Rd., Taipei 106, Taiwan**  
**Telephone: 886-2-2700-0898**

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

## Table Of Contents

<b>Contents</b>	<b>Page</b>
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Statement of Financial Position	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Organization and Business	8
(2) Approval Date and Procedures of the Consolidated Financial Statements	8
(3) New Standards and Interpretations Not Yet Adopted	8~9
(4) Summary of Significant Accounting Policies	9~13
(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty	13
(6) Explanation to Significant Accounts	13~47
(7) Related-Party Transactions	48~51
(8) Restricted Assets	51
(9) Significant Contingencies and Commitments	51~52
(10) Significant Catastrophic Losses	52
(11) Significant Subsequent Events	52
(12) Others	53
(13) Additional Disclosures	
a) Information on significant transactions	53~57
b) Information on investees	57~59
c) Information on investment in Mainland China	59
d) Major shareholders	59~60
(14) Segment Information	60



安侯建業聯合會計師事務所  
KPMG

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

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

## Independent Auditors' Review Report

To the Board of Directors of PChome Online Inc.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of the PChome Online Inc. and its subsidiaries (the "Group") of September 30, 2023 and 2022, and the consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2023 and 2022, changes in equity and cash flows for the nine months ended September 30, 2023 and 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,617,772 thousand and \$1,970,953 thousand, each constituting 6% and 8% of the consolidated total assets as of September 30, 2023 and 2022, respectively; the total liabilities amounting to \$679,291 thousand and \$734,558 thousand, each constituting 4% and 4% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively, and the total comprehensive income (loss) amounting to loss \$56,552 thousand, loss \$64,763 thousand, loss \$150,932 thousand and gain \$62,818 thousand, constituting 46%, 237%, 87% and (57)% of the consolidated total comprehensive income (loss) for the three months and the nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$271,091 thousand and \$271,544 thousand as of September 30, 2023 and 2022, respectively, and its share of gain or loss of associates and joint ventures accounted for using equity method on these investee companies of gain \$4,446 thousand, loss \$1,474 thousand, gain \$8,442 thousand and gain \$5,123 thousand for the three months and the nine months ended September 30, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



## **Qualified Conclusion**

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

The engagement partners on the review resulting in this independent auditors’ review report are Yi-Chun Chen and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)  
November 13, 2023

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditor’s report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditor’s report and consolidated financial statements, the Chinese version shall prevail.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**September 30, 2023, December 31, 2022, and September 30, 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

ASSETS		2023.9.30		2022.12.31		2022.9.30		LIABILITIES AND STOCKHOLDERS' EQUITY		2023.9.30		2022.12.31		2022.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current Assets:</b>								<b>Current Liabilities:</b>							
1100	Cash and cash equivalents (Note (6)(a))	\$ 4,959,416	18	6,849,807	26	6,112,643	25	2100	Short-term borrowings (Notes (6)(l) and (7))	\$ 2,896,697	10	3,362,455	12	2,900,346	12
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	-	-	8,640	-	24,070	-	2130	Current contract liabilities(Note (6)(u))	526,217	2	629,463	2	647,961	2
1170	Accounts and notes receivable, net (Notes (6)(d) and (7))	3,315,217	12	3,323,951	13	2,950,895	12	2200	Accounts and notes payable	3,506,592	13	3,925,764	15	3,686,208	15
1200	Other receivables, net (Notes (6)(d) and (7))	1,359,254	5	1,282,431	5	1,120,833	4	2230	Other payables (Notes (6)(f), (g) and (7))	1,128,741	4	1,798,731	7	1,317,005	5
1300	Inventories (Note (6)(e))	1,325,083	5	1,983,183	7	1,814,572	7	2280	Current tax liabilities	115,892	-	196,335	1	156,833	1
1476	Other current financial assets (Note (8))	1,515,460	5	1,156,475	4	1,091,639	4	2300	Current lease liabilities (Note (6)(p))	554,117	2	557,850	2	563,640	2
1479	Other current assets, others	458,329	2	501,936	2	519,462	2	2320	Other current liabilities (Note (6)(m))	2,187,488	8	2,278,226	9	2,164,457	9
		<u>12,932,759</u>	<u>47</u>	<u>15,106,423</u>	<u>57</u>	<u>13,634,114</u>	<u>54</u>		Long-term liabilities, current portion(Notes (6)(n) and (o))	<u>1,660,949</u>	<u>6</u>	<u>1,428,489</u>	<u>5</u>	<u>157,042</u>	<u>1</u>
<b>Non-Current Assets:</b>								<b>Non-Current liabilities:</b>							
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	433,237	1	412,790	1	442,563	2	2530	Bonds payable (Note (6)(o))	-	-	-	-	1,368,942	5
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	851,873	3	791,590	3	662,450	3	2540	Long-term borrowings (Notes (6)(n) and (7))	1,849,975	7	2,189,558	8	1,531,883	6
1550	Investments accounted for using equity method (Note (6)(f))	271,091	1	271,852	1	271,544	1	2570	Deferred tax liabilities (Note (6)(q))	15,707	-	6,829	-	1,408	-
1600	Property, plant and equipment (Note (6)(i))	1,556,252	6	1,132,645	4	977,651	4	2580	Non-current lease liabilities (Note (6)(p))	4,246,886	16	1,527,013	6	1,651,799	7
1755	Right-of-use assets (Note (6)(j))	4,672,034	17	2,016,683	8	2,148,887	9	2612	Long-term other payable (Notes (6)(f) and (g))	84,734	-	234,612	1	500,141	2
1780	Intangible assets (Note (6)(k))	5,734,154	21	5,807,608	22	5,838,079	23	2670	Other non-current liabilities, others	<u>17,578</u>	<u>-</u>	<u>16,563</u>	<u>-</u>	<u>10,195</u>	<u>-</u>
1840	Deferred tax assets (Note (6)(q))	201,099	1	148,942	1	136,580	1		<b>Total liabilities</b>	<u>6,214,880</u>	<u>23</u>	<u>3,974,575</u>	<u>15</u>	<u>5,064,368</u>	<u>20</u>
1930	Long-term notes and accounts receivable (Note (6)(d))	637,644	2	620,158	2	559,069	2		<b>Equity attributable to owners of parent (Note (6)(r)):</b>	<u>18,791,573</u>	<u>68</u>	<u>18,151,888</u>	<u>68</u>	<u>16,657,860</u>	<u>67</u>
1980	Other non-current financial assets (Note (8))	265,590	1	217,762	1	233,719	1		Share capital:						
1990	Other non-current assets, others	63,369	-	65,597	-	29,002	-		Ordinary share	1,441,629	5	1,281,629	5	1,285,139	5
		<u>14,686,343</u>	<u>53</u>	<u>11,485,627</u>	<u>43</u>	<u>11,299,544</u>	<u>46</u>		Capital surplus	5,574,478	20	5,011,096	19	5,068,883	21
									Retained earnings	(205,788)	-	148,993	1	118,716	-
									Other equity interest	215,413	1	146,752	-	43,710	-
									Treasury shares	<u>(210,502)</u>	<u>(1)</u>	<u>(210,502)</u>	<u>(1)</u>	<u>(210,502)</u>	<u>(1)</u>
									<b>Total equity attributable to owners of parent:</b>	6,815,230	25	6,377,968	24	6,305,946	25
									<b>Non-controlling interests (Notes (6)(h) and (r))</b>	<u>2,012,299</u>	<u>7</u>	<u>2,062,194</u>	<u>8</u>	<u>1,969,852</u>	<u>8</u>
									<b>Total equity</b>	<u>8,827,529</u>	<u>32</u>	<u>8,440,162</u>	<u>32</u>	<u>8,275,798</u>	<u>33</u>
<b>Total assets</b>		<u>\$ 27,619,102</u>	<u>100</u>	<u>26,592,050</u>	<u>100</u>	<u>24,933,658</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 27,619,102</u>	<u>100</u>	<u>26,592,050</u>	<u>100</u>	<u>24,933,658</u>	<u>100</u>

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

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

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended September 30,				For the nine months ended September 30,				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4111	Sales revenue	\$ 9,813,957	101	10,174,112	102	29,227,228	101	33,332,703	101
4170	Less: Sales returns	108,065	1	160,461	2	343,867	1	429,759	1
	<b>Operating revenue, net (Note (6)(u))</b>	9,705,892	100	10,013,651	100	28,883,361	100	32,902,944	100
5000	<b>Operating costs (Note (6)(e))</b>	8,520,225	88	8,720,397	87	25,334,506	88	28,871,415	88
	<b>Gross profit from operations</b>	1,185,667	12	1,293,254	13	3,548,855	12	4,031,529	12
	<b>Operating expenses:</b>								
6100	Selling expenses	893,449	9	892,980	9	2,719,457	9	2,898,345	9
6200	Administrative expenses	204,710	2	196,829	2	539,972	2	566,882	2
6300	Research and development expenses	136,943	2	159,209	2	422,010	2	483,000	1
6450	Expected credit loss (Note (6)(d))	111,819	1	33,385	-	288,086	1	154,980	-
	<b>Total operating expenses</b>	1,346,921	14	1,282,403	13	3,969,525	14	4,103,207	12
	<b>Net operating (loss) income</b>	(161,254)	(2)	10,851	-	(420,670)	(2)	(71,678)	-
	<b>Non-operating income and expenses (Note (6)(w)):</b>								
7100	Interest income	12,225	-	4,708	-	39,615	-	11,644	-
7010	Other income	112,626	1	47,593	-	262,877	1	139,784	-
7020	Other gains and losses, net	(19,013)	-	1,820	-	8,261	-	200,872	1
7050	Finance costs	(35,148)	-	(19,745)	-	(113,599)	-	(55,927)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	4,446	-	(1,474)	-	8,442	-	5,123	-
	<b>Total non-operating income and expenses</b>	75,136	1	32,902	-	205,596	1	301,496	1
	<b>(Loss) Profit from continuing operations before tax</b>	(86,118)	(1)	43,753	-	(215,074)	(1)	229,818	1
7950	<b>Less: Tax expense (Note (6)(q))</b>	26,792	-	61,319	-	35,858	-	195,954	1
	<b>(Loss) Profit</b>	(112,910)	(1)	(17,566)	-	(250,932)	(1)	33,864	-
	<b>Other comprehensive income (loss):</b>								
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>								
8311	Losses on remeasurements of defined benefit plans	-	-	-	-	(253)	-	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(x))	(6,737)	-	(12,498)	-	94,782	-	(142,984)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	(6,737)	-	(12,498)	-	94,529	-	(142,984)	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign statements	(4,476)	-	2,682	-	(16,601)	-	(958)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	(4,476)	-	2,682	-	(16,601)	-	(958)	-
	<b>Other comprehensive income (loss), net of tax</b>	(11,213)	-	(9,816)	-	77,928	-	(143,942)	-
8500	<b>Total comprehensive income (loss)</b>	\$ (124,123)	(1)	(27,382)	-	(173,004)	(1)	(110,078)	-
	<b>(Loss) Profit attributable to:</b>								
8610	Loss attributable to owners of parent	\$ (155,220)	(1)	(27,151)	-	(362,356)	(1)	(60,977)	-
8620	(Loss) Profit, attributable to non-controlling interests	42,310	-	9,585	-	111,424	-	94,841	-
		\$ (112,910)	(1)	(17,566)	-	(250,932)	(1)	33,864	-
	<b>Comprehensive income attributable to:</b>								
8710	Comprehensive loss, attributable to owners of parent	\$ (171,005)	(1)	(37,264)	-	(286,147)	(1)	(204,270)	-
8720	Comprehensive income (loss), attributable to non-controlling interests	46,882	-	9,882	-	113,143	-	94,192	-
		\$ (124,123)	(1)	(27,382)	-	(173,004)	(1)	(110,078)	-
	<b>Earnings per share (Note (6)(t))</b>								
9750	<b>Basic earnings per share (NT dollars)</b>	\$ (1.16)		(0.22)		(2.82)		(0.48)	

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

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent						Other Equity Interest					Total Equity	
	Share capital			Retained Earnings			Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation	Treasury shares	Total Equity Attributable to Owners of Parent		Non-Controlling Interests
	Ordinary Capital	Advance receipts for share capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings							
<b>Balance at January 1, 2022</b>	\$ 1,274,159	10,980	4,692,857	44,623	40,168	158,719	(12,414)	202,896	(7,896)	(77,362)	6,326,730	1,327,580	7,654,310
(Loss) Profit for the nine months ended September 30, 2022	-	-	-	-	-	(60,977)	-	-	-	-	(60,977)	94,841	33,864
Other comprehensive loss for the nine months ended September 30, 2022	-	-	-	-	-	-	(309)	(142,984)	-	-	(143,293)	(649)	(143,942)
Total comprehensive (loss) income for the nine months ended September 30, 2022	-	-	-	-	-	(60,977)	(309)	(142,984)	-	-	(204,270)	94,192	(110,078)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	9,490	-	(9,490)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(63,817)	-	-	-	-	(63,817)	-	(63,817)
Reversal of special reserve	-	-	-	-	(40,168)	40,168	-	-	-	-	-	-	-
Conversion of convertible bonds	10,980	(10,980)	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(133,140)	(133,140)	-	(133,140)
Changes in ownership interests in subsidiaries	-	-	376,026	-	-	-	-	-	-	-	376,026	498,777	874,803
Share-based payment transactions	-	-	-	-	-	-	-	-	4,417	-	4,417	-	4,417
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	49,303	49,303
<b>Balance at September 30, 2022</b>	<b>\$ 1,285,139</b>	<b>-</b>	<b>5,068,883</b>	<b>54,113</b>	<b>-</b>	<b>64,603</b>	<b>(12,723)</b>	<b>59,912</b>	<b>(3,479)</b>	<b>(210,502)</b>	<b>6,305,946</b>	<b>1,969,852</b>	<b>8,275,798</b>
<b>Balance at January 1, 2023</b>	\$ 1,281,629	-	5,011,096	54,113	-	94,880	(9,252)	156,045	(41)	(210,502)	6,377,968	2,062,194	8,440,162
(Loss) Profit for the nine months ended September 30, 2023	-	-	-	-	-	(362,356)	-	-	-	-	(362,356)	111,424	(250,932)
Other comprehensive (loss) income for the nine months ended September 30, 2023	-	-	-	-	-	(253)	(16,163)	92,625	-	-	76,209	1,719	77,928
Total comprehensive (loss) income for the nine months ended September 30, 2023	-	-	-	-	-	(362,609)	(16,163)	92,625	-	-	(286,147)	113,143	(173,004)
Capital increase by cash	160,000	-	485,850	-	-	-	-	-	-	-	645,850	-	645,850
Changes in ownership interests in subsidiaries	-	-	77,532	-	-	-	-	-	-	-	77,532	(44,055)	33,477
Share-based payment transactions	-	-	-	-	-	-	-	-	27	-	27	-	27
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(118,983)	(118,983)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	7,828	-	(7,828)	-	-	-	-	-
<b>Balance at September 30, 2023</b>	<b>\$ 1,441,629</b>	<b>-</b>	<b>5,574,478</b>	<b>54,113</b>	<b>-</b>	<b>(259,901)</b>	<b>(25,415)</b>	<b>240,842</b>	<b>(14)</b>	<b>(210,502)</b>	<b>6,815,230</b>	<b>2,012,299</b>	<b>8,827,529</b>

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

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the nine months ended September 30, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
(Loss) profit before tax	\$ (215,074)	229,818
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expenses	664,767	566,351
Amortization expenses	95,171	72,483
Expected credit losses	288,086	154,980
Net Gain on financial assets at fair value through profit or loss	-	(175,126)
Interest expenses	113,599	55,927
Interest income	(39,615)	(11,644)
Dividend income	(2,581)	(4,732)
Share-based payment transactions	32,131	4,417
Shares of profit of associates and joint ventures accounted for using equity method	(8,442)	(5,123)
Gain on disposal of property, plant and equipment	(7,450)	(50)
Loss on disposal of intangible assets	180	-
Gain on disposal of investments accounted for using equity method	(4,497)	(3,414)
Gain on lease modification	(28,791)	(311)
<b>Total adjustments to reconcile profit</b>	<u>1,102,558</u>	<u>653,758</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Accounts and notes receivable	(338,888)	(372,150)
Other receivables	(64,445)	224,647
Inventories	658,100	(49,504)
Other current assets	25,051	(129,286)
Other financial assets	(47,579)	(172,198)
<b>Total changes in operating assets</b>	<u>232,239</u>	<u>(498,491)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(29,650)	98,761
Accounts and notes payable	(404,402)	(237,868)
Other payables	(137,587)	213,396
Other current liabilities	(89,917)	(230,181)
Other non-current liabilities	2,189	1,555
<b>Total changes in operating liabilities</b>	<u>(659,367)</u>	<u>(154,337)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(427,128)</u>	<u>(652,828)</u>
<b>Total adjustments</b>	<u>675,430</u>	<u>930</u>
Cash flow generated from operations	460,356	230,748
Interest received	32,352	9,249
Dividends received	9,904	4,732
Interest paid	(107,110)	(48,958)
Income taxes paid	(159,581)	(474,440)
<b>Net cash flows from (used in) operating activities</b>	<u>235,921</u>	<u>(278,669)</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(37,552)
Proceeds from disposal of financial assets at fair value through other comprehensive income	28,916	-
Acquisition of financial assets designated at fair value through profit or loss	(11,835)	(47,281)
Acquisition of investments accounted for using equity method	-	(78,000)
Net cash flow from acquisition of subsidiaries	-	(698,346)
Proceeds from disposal of subsidiaries	(48,229)	-
Proceeds from capital reduction of investments accounted for using equity method	275	-
Acquisition of property, plant and equipment	(708,331)	(185,779)
Proceeds from disposal of property, plant and equipment	11,502	383
Increase (decrease) in refundable deposits	(47,828)	(29,224)
Acquisition of intangible assets	(5,842)	(39,034)
Other financial assets	(311,406)	-
Other non-current assets	(7,079)	8,246
Other payables	(534,523)	(833,796)
<b>Net cash flows used in investing activities</b>	<u>(1,634,380)</u>	<u>(1,940,383)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	-	636,679
Decrease in short-term loans	(465,758)	-
Increase in long-term borrowings	281,468	764,825
Repayments of long-term borrowings	(396,051)	(521,000)
Payments of lease liabilities	(432,114)	(406,486)
Cash dividends paid	-	(63,817)
Capital increase by cash	638,813	-
Payments to acquire treasury shares	-	(133,140)
Acquisition of ownership interests in subsidiaries	-	(138,175)
Change in non-controlling interests	(118,983)	49,859
<b>Net cash flows from (used in) financing activities</b>	<u>(492,625)</u>	<u>188,745</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	693	(4,289)
<b>Net decrease in cash and cash equivalents</b>	(1,890,391)	(2,034,596)
<b>Cash and cash equivalents at beginning of period</b>	6,849,807	8,147,239
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,959,416</u>	<u>6,112,643</u>

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



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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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

**(1) Organization and Business**

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and it became officially listed and traded on January 25, 2005.

**(2) Approval Date and Procedures of the Consolidated Financial Statements**

These consolidated financial statements were authorized for issuance by the Board of Directors on November 13, 2023.

**(3) New Standards and Interpretations Not Yet Adopted:**

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

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

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of Significant Accounting Policies**

- (a) Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated interim financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

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

- (b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.9.30	2022.12.31	2022.9.30	
The Company	PChome Store Inc.	Internet services	- %	44.45 %	34.35 %	Note 10
"	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	Note 1
"	IT Home Publications Inc.	Magazine publication	- %	100.00 %	100.00 %	Note 2
"	PCHOME US INC.	E-commerce platform	91.97 %	91.97 %	91.97 %	Note 1
"	PC HOME ONLINE INTERNATIONAL CO., LTD.	International trade and investment activities	100.00 %	100.00 %	100.00 %	"
"	PChome (Thailand) Co., Ltd.	E-commerce platform	66.25 %	66.25 %	66.25 %	"

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.9.30	2022.12.31	2022.9.30	
The Company	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	100.00 %	Note 1
"	PChome Financial Technology Inc.	Information service	100.00 %	100.00 %	100.00 %	"
"	PChome Holding Inc.	Investment activities	100.00 %	100.00 %	100.00 %	
"	PChome Express Co., Ltd.	Transportation and logistics	100.00 %	100.00 %	100.00 %	Note 1
"	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	50.00 %	50.00 %	"
"	Cornerstone Ventures Co., Ltd.	"	51.00 %	51.00 %	51.00 %	"
"	PChome CB Co., Ltd.	E-commerce cross-border services	70.00 %	70.00 %	70.00 %	"
"	Mitch Co., Ltd.	Clothing sales	100.00 %	60.00 %	60.00 %	Notes 1&11
"	YunTan technology Inc.	Information processing and provision of electronic information	59.94 %	70.00 %	70.00 %	Notes 1&14
"	21st Century Technology Co., Ltd.	Financial technology services	43.63 %	43.63 %	43.63 %	Note 3
"	PChome Data Technology Co., Ltd.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	Note 1
"	PIN technology Inc.	"	100.00 %	100.00 %	85.00 %	Notes 1&4
"	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	Note 1
"	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	Note 7
PChome eBay Co., Ltd.	PChome Store Inc.	Internet services	100.00 %	22.22 %	22.16 %	Note 10
"	ECOSMOS PTE. LTD.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	Note 1
"	21st Century Technology Co., Ltd.	Financial technology services	1.41 %	1.41 %	1.41 %	Note 3
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	International trade and investment activities	100.00 %	100.00 %	100.00 %	Note 1
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	"
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	100.00 %	100.00 %	
PChome Marketplace Inc.	PChome Japan KK	International trading E-commerce	- %	100.00 %	100.00 %	Note 1
"	PChome Store Inc.	Internet services	- %	33.33 %	35.78 %	Note 10
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	100.00 %	100.00 %	100.00 %	Note 1
"	PCHOME CB PTE. LTD.	"	100.00 %	100.00 %	100.00 %	"

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.9.30	2022.12.31	2022.9.30	
PCHOME CB PTE. LTD.	PChome Bibian Inc.	E-commerce cross-border services	100.00 %	100.00 %	100.00 %	Note 1
YunTan technology Inc.	Einsure insurance broker Inc.	Insurance brokers	100.00 %	100.00 %	100.00 %	"
21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	Financial technology services	- %	- %	100.00 %	Note 8
"	Pi Mobile Technology Inc.	Online payment processing services	5.25 %	5.25 %	99.49 %	Notes 6&9
"	21st Financial Technology Co., Ltd	Investment activities	100.00 %	100.00 %	100.00 %	Notes 1&5
"	Cherri Tech, Inc.	Financial technology services and indirect investment activities	100.00 %	100.00 %	100.00 %	Notes 1&3
21st Financial Technology Co., Ltd	21st Century Digital Technology Co., Ltd.	Financial technology services	100.00 %	100.00 %	- %	Note 9
"	Pi Mobile Technology Inc.	Online payment processing services	94.24 %	94.24 %	- %	"
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	Travel agency business	100.00 %	100.00 %	100.00 %	Notes 1&8
"	Lianju Asset Management Co., Ltd.	Financial Institution Creditor's Right (Money) Purchase	100.00 %	- %	- %	Notes 1&12
Pi Mobile Technology Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	100.00 %	
"	Yun Tung Bao International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	100.00 %	Note 1
Cherri Tech, Inc.	Japan Cherri KK	Financial technology services	80.00 %	60.00 %	60.00 %	Notes 1&13

Note 1: The financial statements of the non-significant subsidiaries have not been reviewed.

Note 2: The Company disposed all of its shares of IT Home Publications Inc. pursuant to the resolution of the Board of Directors on August 14, 2023.

Note 3: 1. The Company purchased 1.12% equity of Pi Mobile Technology Inc. from external shareholders, resulting in an increase in its shareholding ratio from 30.32% to 31.44%, and exchanged 2.72% and 0.65% of 21st Century Technology Co., Ltd.'s shares with 31.44% and 3.06% of Pi Mobile Technology Inc.'s shares, held by the Company and PChome eBay Co., Ltd., respectively, on January 3, 2022.

2. 21st Century Technology Co., Ltd. acquired the entire shares of Cherri Tech Inc. in cash and newly issued shares (3,471 thousand ordinary shares and 1,111 thousand special shares), and included them in the Group's consolidated financial statements. However, the Group did not subscribe for the shares in proportion to its shareholding, resulting in the decrease in the Company's shareholding ratio from 47.18% to 43.63% and PChome eBay Co., Ltd.'s shareholding ratio from 1.52% to 1.41%.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 4: 1. The subsidiary was established on January 10, 2022.

2. The Company purchased 15% equity of PIN technology Inc. from external shareholders, resulting in an increase in its shareholding ratio from 85% to 100%.

Note 5: The subsidiary was established on March 7, 2022.

Note 6: The Group subscribed all newly issued shares Pi Mobile Technology Inc. increasing cash capital for, resulting in an increase in the shareholding ratio from 99.46% to 99.49%.

Note 7: Organizational adjustment, to be directly held by the Company from August 2022.

Note 8: In March 2022, 21st Century Technology Co., Ltd. transferred its equity and related businesses in FAN7 TOUR CO., LTD. to 21st Century Digital Technology Co., Ltd.

Note 9: 21st Century Technology Co., Ltd. transferred the shares of Pi Mobile Technology Inc and 21st Century Digital Technology Co., Ltd. acquired in October 2022 to 21st Financial Technology Co., Ltd, which are 94.24% and 100%, respectively.

Note 10: 1. On December 7, 2022, the extraordinary meeting of shareholders had approved PChome Store Inc. to offset its deficit by using the legal reserve, capital surplus, as well as its capital. After the Company and PChome eBay Co., Ltd. bought the fractional shares of the external shareholders, the shareholding percentages of the Company, PChome eBay Co., Ltd. and PChome Marketplace Inc. became 44.45%, 22.22% and 33.33%, respectively.

2. PChome Store Inc. issued a cash capital increase for new shares in March 2023, such shares are fully subscribed by the Company and PChome eBay Co. Ltd., respectively. The shareholding was changed, and the Company owns 77.78% of the Company, PChome eBay Co. Ltd. Owns 22.22% and PChome Marketplace Inc. owns 0.00%, respectively.

3. The Company sold 58,724 thousand ordinary shares of PChome Store Inc. to PChome eBay Co. Ltd. on April 28, 2023. After the transaction, PChome eBay Co. Ltd. holds 100% shares of PChome Store Inc.

Note 11: The Company purchased 40% equity of Mitch Co., Ltd. from external shareholders, resulting in an increase in its shareholding ratio from 60% to 100%.

Note 12: The subsidiary was established on February 10, 2023.

Note 13: Cherri Tech, Inc. increased its shareholding from 60% to 80% by cash capital increase in Japan Cherri KK pursuant to the resolution of the Board of Directors on June 8, 2023.

Note 14: Yun Tan technology Inc. issued a cash capital increase for new shares on September 1, 2023, such shares were fully subscribed by external shareholders, resulting in a decrease in the Company's shareholding ratio from 70% to 59.94%.

2. List of subsidiaries which are not included in the consolidated interim financial statements:  
None.

(c) Employee benefits

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(d) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

**(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty**

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2022.

**(6) Explanation to Significant Accounts**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Cash on hand	\$ 9,655	2,195	2,039
Checking accounts	68,970	55,782	49,813
Savings accounts	3,849,589	5,032,370	4,447,406
Foreign currency deposits	40,293	130,096	124,673
Time deposits	919,116	1,606,007	1,469,482
Cash equivalents	<u>71,793</u>	<u>23,357</u>	<u>19,230</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 4,959,416</u>	<u>6,849,807</u>	<u>6,112,643</u>

Please refer to Note (6)(x) for the interest analysis and sensitivity analysis of the financial assets and liabilities of the Group.

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Mandatorily measured at fair value through profit or loss:			
Preferred stocks	\$ 401,909	390,074	428,298
Foreign convertible bonds	<u>31,328</u>	<u>31,356</u>	<u>38,335</u>
Total	<u>\$ 433,237</u>	<u>421,430</u>	<u>466,633</u>
Current	\$ -	8,640	24,070
Non-current	<u>433,237</u>	<u>412,790</u>	<u>442,563</u>
Total	<u>\$ 433,237</u>	<u>421,430</u>	<u>466,633</u>

1. The Group holds preferred stocks issued by domestic and foreign unlisted companies, all of which are non-cumulative preferred stocks with shareholder voting rights, and the dividends are paid at the agreed annual rate, which is adjusted and reset periodically in accordance with the agreed period. Most of the shares have the liquidation preference. According to the ranking order of the preferred stocks, if the targets must be liquidated while the Group holds their preferred stocks, the Group will have the opportunity to get the dividends which are same as the investment amount.
2. The convertible bonds issued by foreign companies held by the Group will be converted into preferred stocks when it meets the contract conversion conditions.
3. The Group issued secured convertible bonds in the fourth quarter, 2020. Relevant information please refer to Note (6)(o).
4. Relevant information for the price risk please refer to Note (6)(x).
5. Above-mentioned financial assets designated at fair value through profit or loss of the Group had not been pledged as collateral.

(c) Non-current financial assets at fair value through other comprehensive income

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Equity instruments at fair value through other comprehensive income			
Stocks unlisted on domestic and foreign markets	\$ 851,873	791,590	654,114
Foreign convertible bonds	<u>-</u>	<u>-</u>	<u>8,336</u>
Total	<u>\$ 851,873</u>	<u>791,590</u>	<u>662,450</u>

1. The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes.
2. For the market price risk, please refer to Note (6)(x). For the credit risk and the market risk, please refer to Note (6)(y).
3. The Group disposed of Syspower Corporation from January 1 to september 30, 2023 at a disposal price of \$28,916 thousand and cumulative gain of \$7,828 thousand during that period, which was recognized as a retained earnings.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

4. Abovementioned financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(d) Notes and accounts receivables, other receivables and long-term receivables

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes receivable-measured as amortized cost	\$ 1,602	2	19
Trade receivable-measured as amortized cost	2,903,869	3,408,150	3,245,102
Trade receivable-fair value through other comprehensive income	1,943,355	1,409,991	1,348,044
Other receivables-measured as amortized cost	1,273,743	1,203,699	1,080,602
Operating lease receivable	5,647	8,153	8,991
Finance lease receivable	86,510	76,906	31,241
Less: Allowance for impairment losses	(110,543)	(107,815)	(409,504)
Less: Unrealized interest revenue	(792,068)	(772,546)	(673,698)
	<u>\$ 5,312,115</u>	<u>5,226,540</u>	<u>4,630,797</u>
Current	\$ 4,674,471	4,606,382	4,071,728
Non-current	637,644	620,158	559,069
	<u>\$ 5,312,115</u>	<u>5,226,540</u>	<u>4,630,797</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, all receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses except for 21st Century Digital Technology Co., Ltd., were determined as follows:

	<u>2023.9.30</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Allowance for expected credit losses</u>
Current	\$ 1,922,699	0.00026%-0.002%	21
Past under 180 days	20,682	10%-45.12%	402
Over 181 days past due	18,335	25%-100%	7,331
	<u>\$ 1,961,716</u>		<u>7,754</u>
	<u>2022.12.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Allowance for expected credit losses</u>
Current	\$ 1,844,792	0.00005%~0.061%	24
Past under 180 days	63,299	10%~45.12%	924
Over 181 days past due	20,311	25%~100%	11,238
	<u>\$ 1,928,402</u>		<u>12,186</u>



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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>2022.9.30</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 1,623,991	0%~0.0004%	6
Past under 180 days	42,702	0%~10%	984
Over 181 days past due	15,566	25%~100%	5,260
	<b>\$ 1,682,259</b>		<b>6,250</b>

The expected credit losses of the Group's subsidiary, 21st Century Digital Technology Co., Ltd., were determined as follows:

	<b>2023.9.30</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 2,971,046	1.71%	49,543
Past under 180 days	446,731	1.71%~9.83%	22,921
Over 181 days past due	43,165	9.83%~100%	30,325
	<b>\$ 3,460,942</b>		<b>102,789</b>

	<b>2022.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 2,963,741	1.71%	49,433
Past under 180 days	411,114	1.71%~9.83%	17,139
Over 181 days past due	31,098	9.83%~100%	29,057
	<b>\$ 3,405,953</b>		<b>95,629</b>

	<b>2022.9.30</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	2,681,211	0~0.35%	9,275
Past under 180 days	331,308	3%~70%	54,488
Over 181 days past due	345,523	80%~100%	339,491
	<b>\$ 3,358,042</b>		<b>403,254</b>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The movement in the allowance for notes and trade receivable was as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 107,815	249,975
Acquisition through business combinations	-	4,603
Impairment losses recognized	288,086	154,980
Amounts written off	(285,358)	(54)
Balance at September 30	<b>\$ 110,543</b>	<b>409,504</b>

The Group entered into an agreement with different financial institutions to sell its accounts receivable. Under the agreement, the Group will guarantee all receivables that cannot be recovered (whether deferred payment or breach the contract) during a specified period. The Group retains all the risks and rewards of such receivables and does not qualify for derecognition of financial assets. As of September 30, 2023, the carrying amount of transferred receivables and related financial liabilities as follows:

<b>2023.9.30</b>					
<b>Purchaser</b>	<b>Foreclosed amount</b>	<b>Credit line</b>	<b>Amount advanced paid (reported on short-term borrowings)</b>	<b>Range of interest Rate</b>	<b>Collateral</b>
KGI Bank	\$ 690,844	800,000	410,000	3.858%	Promissory notes
Far Eastern International Bank	883,747	1,680,000	709,855	3.60%	Pledge deposits and promissory notes
CMI Credit LTD.	46,657	38,848	38,848	4.62%	Promissory notes
HOTAI Finance Co., LTD.	322,107	500,000	312,461	2.99%	Promissory notes

<b>2022.12.31</b>					
<b>Purchaser</b>	<b>Transferred amount</b>	<b>Credit line</b>	<b>Amount advanced paid (reported on short-term borrowings)</b>	<b>Range of interest Rate</b>	<b>Collateral</b>
KGI Bank	\$ 637,042	800,000	800,000	3.719%	Promissory notes
Far Eastern International Bank	647,206	840,000	584,654	3.655%	Pledge deposits and promissory notes
CMI Credit LTD.	125,743	500,000	104,566	4.36%	Promissory notes

<b>2022.9.30</b>					
<b>Purchaser</b>	<b>Transferred amount</b>	<b>Credit line</b>	<b>Amount advanced paid (reported on short-term borrowings)</b>	<b>Range of interest Rate</b>	<b>Collateral</b>
KGI Bank	\$ 682,953	800,000	520,000	3.22%	Promissory notes
Far Eastern International Bank	523,794	840,000	490,115	2.965%	Pledge deposits and promissory notes
CMI Credit LTD.	141,297	500,000	127,781	4.11%	Promissory notes

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As of September 30, 2023, December 31 and September 30, 2022, the Group provided promissory notes of \$3,080,000 thousand, \$1,740,000 thousand and \$1,740,000 thousand for guaranteed the performance of the above contracts with repurchase agreements to those companies and banks undertaking the sale of the accounts receivable.

In addition, part of the accounts receivable of the Group are installment payments of goods received from the distributors, and the parties agree to proceed by the agreed terms of the agreement with respect to the payment of all the formalities and expenses associated with the assignment of the debt. The sale of accounts receivable is a non-resource transaction, and the seller is not liable for the performance of the debtor's obligations after the transaction is completed.

(e) Inventories

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Merchandise inventories	\$ 1,334,504	2,003,588	1,850,373
Less: Allowance for inventory valuation and obsolescence losses	<u>(9,421)</u>	<u>(20,405)</u>	<u>(35,801)</u>
	<u>\$ 1,325,083</u>	<u>1,983,183</u>	<u>1,814,572</u>

The details of operating cost were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 8,500,437	8,703,864	25,282,497	28,817,758
Interest cost	19,467	15,503	60,242	35,768
Provision for inventory market price decline and obsolescence (Reversal of write-downs)	54	760	(10,984)	16,342
Loss on disposal of scrap	<u>267</u>	<u>270</u>	<u>2,751</u>	<u>1,547</u>
	<u>\$ 8,520,225</u>	<u>8,720,397</u>	<u>25,334,506</u>	<u>28,871,415</u>

The factors that caused the net realizable value of inventories to be lower than the cost no longer exist, resulting in the net realizable value of inventory to increase and be recognized as profit or loss on inventory for the nine months period ended September 30, 2023.

Provision for inventory valuation and obsolescence loss was due to the write-down of inventory to net realizable value or obsolescence and included in cost of sales for the nine months period ended september 30, 2022.

As of September 30, 2023, December 31 and September 30, 2022, the inventories of the Group were not pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Associates	<u>\$ 271,091</u>	<u>271,852</u>	<u>271,544</u>

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1. Associates

Associates to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			2023.9.30	2022.12.31	2022.9.30
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %	26.47 %
Ruten Japan KK	Information processing and provision of electronic information	Japan	- %	28.49 %	28.49 %
UPN Information Co., Ltd.	Investment activities	Cayman islands	40.00 %	40.00 %	40.00 %

The Group acquired 40% shares of UPN Information Co., Ltd. with \$226,000 thousand in August 2022. As of September 30, 2023, \$65,549 thousand had not been paid for the related cash acquisition, which was recognized as other payables.

After Ruten Japan KK had been liquidated based on a resolution approved during its shareholders' meeting held on March 20, 2023, the Group received liquidation shares of \$275 thousand on March 24, 2023.

2. Collateral

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group did not provide any investment accounted for using equity method as collateral.

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

(g) Acquisition of subsidiary

1. 21st Century Technology Co., Ltd.

1) On September 17, 2021, the Company was approved by the resolution of the Board of Directors to integrate the resources of both parties, strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of both parties in line with the Group's development strategy. The Group acquired 45.23% shares of 21st Century Technology Co., Ltd. with \$2,176,262 thousand in cash and 50.53% equity of Pi Mobile Technology Inc. at fair value of \$1,853,758 thousand, which has been fully paid as of September 30, 2023, and gained control over it on October 1, 2021.

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

21st Century Technology Co., Ltd. increased capital by share swap in December, 2021. PCHome eBay Co., Ltd. transferred 3.06% of Pi Mobile Technology Inc. in exchange for newly issued common shares of 21st Century Technology Co., Ltd. The Company did not subscribe for the shares in proportion to its shareholding, resulting in a decrease in its shareholding ratio from 45.23% to 44.84%.

On January 3, 2022, the Company also conducted a second share swap by exchanging 13,413 thousand shares of Pi Mobile Technology Inc. for 3,996 thousand newly issued shares of 21st Century Technology Co., Ltd., resulting in an increase in the shareholding ratio from 44.84% to 47.56%, and the registration procedures have been completed.

21st Century Technology Co., Ltd. increased capital in 2022, resulting in the decrease in the Company's shareholding ratio from 47.56% to 43.63%.

2) Acquisition of identifiable asset and liabilities assumed.

The date of acquisition of identifiable asset and liabilities assumed is as follows:

Cash and cash equivalents	\$ 40,622
Accounts receivable	1,768,854
Other current assets	3,353
Long-term investments accounted for using equity method	135,754
Property, plant and equipment	5,240
Right-of-use assets	4,054
Intangible assets	556,851
Deferred tax assets	51,210
Other non-current assets	423,806
Short-term borrowings and notes	(1,105,231)
Current contract liabilities	(1,665)
Accounts payable	(85,369)
Current tax liabilities	(60,205)
Lease liabilities	(4,054)
Other current liabilities	(1,023)
Shareholder current account	<u>(371,000)</u>
The fair value of identifiable net assets	<u><u>\$ 1,361,197</u></u>

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	\$ 2,176,262
Consideration transferred (equity of Pi Mobile Technology Inc.)	1,853,758
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)	745,527
Less: fair value of identifiable net assets	<u>(1,361,197)</u>
Goodwill	<u><u>\$ 3,414,350</u></u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Goodwill is attributable mainly to the digital financial services owned by 21st Century Technology Co., Ltd. for its future benefits.

2. Cherri Tech Inc.

- 1) In order to strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of the Company and Cherri Tech Inc. in line with the Group's development strategy, the resources of both parties had been integrated based on the resolution approved during the board meeting held on April 12, 2022, wherein the Group acquired 20.82% shares of Cherri Tech Inc. at the amount of \$524,788 thousand in cash on April 27, 2022, as well as 59.26% shares of Cherri Tech Inc. at the amount of \$269,908 thousand in cash and 3,238 thousand newly issued shares of 21st Century Technology Co., Ltd. on July 29, 2022, resulting in the Group to gain control over Cherri Tech Inc.

The amount of \$170,271 thousand for the related cash acquisition has yet to be paid as of September 30, 2023, resulting in the recognition of other payables amounting to \$85,536 thousand and long-term payables amounting to \$84,734 thousand.

On September 14, 2022, 21st Century Technology Co., Ltd. conducted a share swap by exchanging 927 thousand of its newly issued shares and paying the amount of \$138,175 thousand in cash, resulting in an increase in its shareholding ratio from 80.08% to 100.00%.

2) Acquisition of identifiable asset and liabilities assumed.

The date of acquisition of identifiable asset and liabilities assumed is as follows:

Cash and cash equivalents	\$	96,350
Accounts receivable		21,837
Other receivables		11,778
Other current assets		3,381
Property, plant and equipment		2,422
Right-of-use assets		6,301
Intangible assets		227,635
Other non-current assets		2,353
Accounts payable		(73)
Other payables		(35,180)
Lease liabilities		(6,322)
Other current liabilities		(665)
Guarantee deposit received		(195)
The fair value of identifiable net assets	\$	<u><u>329,622</u></u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The Group will continue to review the above matters during the measurement period. If new information about the facts and circumstances that existed on the acquisition date is obtained within one year from the acquisition date, and is identified an adjustment to the above provisional amount or any additional provision for liabilities existing at the acquisition date, the accounting for acquisitions will be revised.

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	\$	794,696
Consideration transferred (equity of 21st Century Technology Co., Ltd.)		949,388
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		68,011
Less: fair value of identifiable net assets		<u>(329,622)</u>
Goodwill	<b>\$</b>	<b><u>1,482,473</u></b>

Goodwill is attributable mainly to the digital financial services owned by Cherri Tech Inc. for its future benefits.

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %	35.00 %
Chunghwa PChome Fund 1 Co., Ltd.	Taiwan	50.00 %	50.00 %	50.00 %
21st Century Technology Co., Ltd.	Taiwan	54.96 %	54.96 %	54.96 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Intragroup transactions were not eliminated in this information.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1.PChome eBay Co., Ltd. and its subsidiaries' collective financial information:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Current assets	\$ 1,712,905	1,438,034	1,371,188
Non-current assets	90,097	69,241	77,871
Current liabilities	(1,130,346)	(503,884)	(501,255)
Non-current liabilities	(209,309)	(19,637)	(23,045)
Net assets	<u>\$ 463,347</u>	<u>983,754</u>	<u>924,759</u>
Non-controlling interests	<u>\$ 162,171</u>	<u>344,314</u>	<u>323,666</u>
	<b>For the three months ended September 30,</b>	<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>
Operating revenue	<u>\$ 257,004</u>	<u>206,908</u>	<u>801,416</u>
Net profit	\$ 60,255	24,257	103,278
Other comprehensive income	431	599	485
Total comprehensive income	<u>\$ 60,686</u>	<u>24,856</u>	<u>103,763</u>
Profit, attributable to non-controlling interests	<u>\$ 21,089</u>	<u>8,490</u>	<u>36,147</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 21,240</u>	<u>8,700</u>	<u>36,317</u>

2.Chunghwa PChome Fund 1 Co., Ltd.'s collective financial information:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Current assets	\$ 94,163	151,494	151,349
Non-current assets	433,237	412,790	442,564
Current liabilities	(5,404)	(8,731)	(271)
Net assets	<u>\$ 521,996</u>	<u>555,553</u>	<u>593,642</u>
Non-controlling interests	<u>\$ 260,998</u>	<u>277,777</u>	<u>296,821</u>
	<b>For the three months ended September 30,</b>	<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>
Net (loss) profit	\$ (2,646)	(12,395)	(14,410)
Other comprehensive income	-	-	-
Total comprehensive (loss) income	<u>\$ (2,646)</u>	<u>(12,395)</u>	<u>(14,410)</u>
(Loss) Profit, attributable to non-controlling interests	<u>\$ (1,323)</u>	<u>(6,197)</u>	<u>(7,205)</u>
Comprehensive (loss) income, attributable to non-controlling interests	<u>\$ (1,323)</u>	<u>(6,197)</u>	<u>(7,205)</u>



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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. Collective financial information of 21st Century Technology Co., Ltd. and its subsidiaries:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Current assets	\$ 5,053,755	5,455,425	5,089,068
Non-current assets	3,279,156	3,206,138	6,525,950
Current liabilities	(4,685,368)	(5,113,409)	(4,737,840)
Non-current liabilities	(933,014)	(1,031,399)	(1,027,391)
Net assets	<u>\$ 2,714,529</u>	<u>2,516,755</u>	<u>5,849,787</u>
Non-controlling interests	<u>\$ 1,489,412</u>	<u>1,381,513</u>	<u>1,336,099</u>

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 401,289</u>	<u>368,592</u>	<u>1,162,109</u>	<u>986,304</u>
Net profit	\$ 58,272	52,680	212,552	66,161
Other comprehensive income	7,688	(337)	3,626	(337)
Total comprehensive income	<u>\$ 65,960</u>	<u>52,343</u>	<u>216,178</u>	<u>65,824</u>
Profit attributable to non-controlling interests	<u>\$ 24,250</u>	<u>20,088</u>	<u>93,471</u>	<u>10,673</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 28,436</u>	<u>20,052</u>	<u>95,297</u>	<u>10,637</u>

(i) Property, plant and equipment

	<u>Transportation equipment</u>	<u>Storage equipment</u>	<u>Furniture and office equipment</u>	<u>Leasehold improvements</u>	<u>Leased assets</u>	<u>Testing equipment</u>	<u>Total</u>
Carrying amounts:							
Balance at January 1, 2023	<u>\$ 58,783</u>	<u>4,702</u>	<u>246,954</u>	<u>118,686</u>	<u>-</u>	<u>703,520</u>	<u>1,132,645</u>
Balance at September 30, 2023	<u>\$ 49,588</u>	<u>549,360</u>	<u>197,602</u>	<u>269,042</u>	<u>-</u>	<u>490,660</u>	<u>1,556,252</u>
Balance at January 1, 2022	<u>\$ 69,064</u>	<u>-</u>	<u>305,958</u>	<u>140,078</u>	<u>1,247</u>	<u>440,768</u>	<u>957,115</u>
Balance at September 30, 2022	<u>\$ 61,961</u>	<u>352</u>	<u>269,307</u>	<u>127,338</u>	<u>271</u>	<u>518,422</u>	<u>977,651</u>

The Group purchased relevant equipment for operation in 2023. For relevant significant contracts, please refer to Note (9)(e). As of September 30, 2023, December 31, 2022, and September 30, 2022, the property, plant and equipment were not pledged as collateral.

The property, plant and equipment of the Company were reclassified from testing equipment to storage equipment for the nine months ended September 30, 2023, upon the completion of the testing. There were no significant additions, disposals, or recognition and reversal of impairment losses of property, plant and equipment for the nine months ended September 30, 2022. Information on depreciation for the period is discussed in Note 12 (a). Please refer to Note 6 (i) of the 2022 annual consolidated financial statements for other related information.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(j) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group for the nine months ended September 30, 2023 and 2022, were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2023	\$ 3,662,793	44,228	5,280	3,712,301
Additions	4,035,278	-	1,172	4,036,450
Decrease	(1,570,785)	-	-	(1,570,785)
Effect of changes in foreign exchange rates	(1,792)	-	-	(1,792)
Balance as of September 30, 2023	<u>\$ 6,125,494</u>	<u>44,228</u>	<u>6,452</u>	<u>6,176,174</u>
Balance as of January 1, 2022	\$ 3,479,716	-	6,255	3,485,971
Acquisition through business combination	6,463	-	3,489	9,952
Additions	454,445	44,228	-	498,673
Decrease	(257,813)	-	(4,242)	(262,055)
Effect of changes in foreign exchange rates	(1,354)	-	-	(1,354)
Balance as of September 30, 2022	<u>\$ 3,681,457</u>	<u>44,228</u>	<u>5,502</u>	<u>3,731,187</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 1,682,683	11,057	1,878	1,695,618
Depreciation for the year	510,800	8,293	1,498	520,591
Other decrease	(711,380)	-	-	(711,380)
Effect of changes in foreign exchange rates	(689)	-	-	(689)
Balance as of September 30, 2023	<u>\$ 1,481,414</u>	<u>19,350</u>	<u>3,376</u>	<u>1,504,140</u>
Balance as of January 1, 2022	\$ 1,404,896	-	702	1,405,598
Acquired through business combination	2,827	-	823	3,650
Depreciation for the year	405,886	8,293	1,379	415,558
Other decrease	(240,719)	-	(1,326)	(242,045)
Effect of changes in foreign exchange rates	(461)	-	-	(461)
Balance as of September 30, 2022	<u>\$ 1,572,429</u>	<u>8,293</u>	<u>1,578</u>	<u>1,582,300</u>
Carrying amount:				
Balance as of January 1, 2023	<u>\$ 1,980,110</u>	<u>33,171</u>	<u>3,402</u>	<u>2,016,683</u>
Balance as of September 30, 2023	<u>\$ 4,644,080</u>	<u>24,878</u>	<u>3,076</u>	<u>4,672,034</u>
Balance as of January 1, 2022	<u>\$ 2,074,820</u>	<u>-</u>	<u>5,553</u>	<u>2,080,373</u>
Balance as of September 30, 2022	<u>\$ 2,109,028</u>	<u>35,935</u>	<u>3,924</u>	<u>2,148,887</u>

The Company rented buildings as warehouse from Chunghwa Post Co., Ltd. in February, 2023. The lease term is 15 years and the annual rental fee is \$331,094 thousand. The rental fee will be adjusted yearly based on the Price Index of the year.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(k) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Concession</u>	<u>Others</u>	<u>Total</u>
Carrying amounts:					
Balance at January 1, 2023	\$ <u>70,409</u>	<u>5,011,342</u>	<u>433,548</u>	<u>292,309</u>	<u>5,807,608</u>
Balance at September 30, 2023	\$ <u>59,399</u>	<u>5,011,342</u>	<u>392,903</u>	<u>270,510</u>	<u>5,734,154</u>
Balance at January 1, 2022	\$ <u>30,818</u>	<u>3,528,869</u>	<u>487,742</u>	<u>79,823</u>	<u>4,127,252</u>
Balance at September 30, 2022	\$ <u>80,073</u>	<u>5,011,342</u>	<u>447,097</u>	<u>299,567</u>	<u>5,838,079</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2023 and 2022. Information on amortization for the period is discussed in Note (12)(a). Please refer to Notes (6)(g) and (k) of the 2022 annual consolidated financial statements for other related information.

1. On July 29, 2022, The Group obtained the amounts of \$1,482,473 thousand, \$57,421 thousand and \$170,214 thousand, arising from the acquisition of Cherri Tech Inc., in goodwill, expertise and customer relationship, respectively. Please refer to the Note (6)(g) for relevant information.

2. Cash generating units of goodwill apportioned to the consolidated company

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
PChome CBS Co., Ltd.	\$ 99,358	99,358	99,358
Yun Tan Technology Inc.	15,161	15,161	15,161
21st Century Technology Co., Ltd.	3,414,350	3,414,350	3,414,350
Cherri Tech Inc.	<u>1,482,473</u>	<u>1,482,473</u>	<u>1,482,473</u>
Total	<u>\$ 5,011,342</u>	<u>5,011,342</u>	<u>5,011,342</u>

(l) Short-term borrowings

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Unsecured bank loans	\$ 975,533	1,860,735	1,724,950
Secured bank loans	1,469,855	1,384,654	1,010,115
Other short-term loans	351,309	117,066	165,281
Short-term notes and bills payable	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,896,697</u>	<u>3,362,455</u>	<u>2,900,346</u>
Unused short-term credit line	<u>\$ 5,842,681</u>	<u>3,939,163</u>	<u>1,679,364</u>
Range of interest rates	<u>0.97%~4.62%</u>	<u>0.97%~4.36%</u>	<u>0.97%~4.11%</u>

The Group for the collateral for short-term borrowings, please refer to Note (8).

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The Group's guaranteed bank and other borrowings arising from the alienation of claims receivable, please refer to Note (6)(d) for relevant explanations.

For details of loans and guarantees provided by related parties, please refer to Note (7).

(m) Other current liabilities

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Receipts under custody-online payment processing service mainly	\$ 1,847,123	1,914,837	1,818,348
Current refund liabilities	27,340	33,386	27,184
Other	<u>313,025</u>	<u>330,003</u>	<u>318,925</u>
	<u>\$ 2,187,488</u>	<u>2,278,226</u>	<u>2,164,457</u>

Agreements were entered into between the Group and its online sellers for entrusting the Group to collect sellers' online transaction payments. Collections were recognized under other current liabilities and were accounted for as payables to the sellers.

Current refund liabilities were expected to be paid to customers due to their right to refund the goods, and were recognized under other current liabilities.

The other major items are shopping credits, which are valid for 180 days.

(n) Long-term borrowings

The details were as follows:

	<u>2023.9.30</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	1.445%~2.25%	2026~2030	\$ 382,140
Secured bank loans	TWD	1.5%~2.25%	2025, 2028	893,550
Other long-term borrowings	TWD	3.99%	2024	100,000
Loans from related parties	TWD	2.75%~3.00%	2023~2025	756,327
Less: current portion				<u>(282,042)</u>
Total				<u>\$ 1,849,975</u>
Unused long-term credit lines				<u>\$ 4,646,810</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>2022.12.31</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.320%~3.225%	2023, 2024, 2026, 2028	\$ 955,175
Secured bank loans	TWD	1.375%~1.970%	2025, 2028	419,900
Other long-term borrowings	TWD	3.99%	2023~2024	150,000
Loans from related parties	TWD	2.25%~2.75%	2023~2024	721,525
Less: current portion				(57,042)
Total				<u>\$ 2,189,558</u>
Unused long-term credit lines				<u>\$ 2,872,300</u>
<b>2022.9.30</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.07%~3.10%	2028	\$ 397,500
Secured bank loans	TWD	1.125%~1.845%	2028	419,900
Other long-term borrowings	TWD	3.99%	2024	150,000
Loans from related parties	TWD	2.25%	2024	721,525
Less: current portion				(157,042)
Total				<u>\$ 1,531,883</u>
Unused long-term credit lines				<u>\$ 3,431,600</u>

The circumstances of the Group setting mortgage on assets as a guarantee for bank borrowings, please refer to Note (8).

The Company has entered into a syndicated credit agreement with financial institutions, under which, specific financial ratios must be maintained in the Company's annual audited financial statements and semi-annual reviewed financial statements of the parent company, and the consolidated financial statements. In the event that the aforementioned financial ratios fail to meet the agreed-upon requirements, the Company may, in accordance with the provisions of the agreements, submit a written request to the arranger bank for confirmation by the lending banks, and the majority of the lending banks may decide whether or not to grant a waiver of the financial ratios, and the waiver will not be deemed to be a breach of the agreements until the majority of the lending banks have reached such a decision.

The Company is the joint guarantor of the unsecured bank loans of the subsidiaries, PChome Store Inc., Pi Mobile Technology Inc., PChome Bibian Inc., Linktel Inc., PChome Express Co., Ltd., and 21st Century Digital Technology Co., Ltd., as of September 30, 2023. For the information about guarantees and endorsements for other parties, please refer to Note (13)(a).

For details of loans and guarantees provided by related parties, please refer to Note (7).

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(o) Bonds payable

The details of secured convertible bonds were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Total convertible corporate bonds issued	\$ 1,500,000	1,500,000	1,500,000
Unamortized discounted corporate bonds payable	(93)	(7,553)	(10,058)
Cumulative converted amount	(121,000)	(121,000)	(121,000)
Balance of corporate bonds issued	<u>\$ 1,378,907</u>	<u>1,371,447</u>	<u>1,368,942</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 129,737</u>	<u>129,737</u>	<u>129,737</u>

Convertible bonds that were recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>
Embedded derivative instruments – call options, included in other gains or losses	<u>\$ -</u>	<u>(138)</u>	<u>-</u>	<u>(3,999)</u>
Interest expense	<u>\$ 2,518</u>	<u>2,500</u>	<u>7,460</u>	<u>7,406</u>

As of September 30, 2023 and December 31, 2022, the amount of bonds payable were \$1,378,907 thousand and \$1,371,447 thousand, respectively, and the duration of the bonds payable was less than one year, amounted for one year or recognized as the long-term debt with one operating cycle.

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to \$1,500,000 thousand, coupon rate is 0% and was issued at 107.42% of the face value. Therefore, the actual borrowing amount was \$1,611,304 thousand. The issuance period was from October 7, 2020, to October 7, 2023, while the conversion period started from January 8, 2021, to October 7, 2023. The Company will repay the convertible corporate bonds at face value in one lump sum in cash upon maturity.

After the bond has been issued for over 3 months and before 40 days, if the closing price of the Company's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price for 30 consecutive days, the Company will get the right to redeem the bonds with cash based on face value.

The face value of the convertible bonds amounting to \$121,000 thousand has been converted and recognized as \$10,980 thousand ordinary capital. Additionally, it caused the decrease of the initially recognized capital surplus—stock options of convertible bonds and discount on bonds payable amounting to \$11,384 thousand and \$1,606 thousand, respectively. The net converted amount exceeded the face value of converting common stocks and therefore the amount of \$119,798 thousand was recognized as capital surplus—premium on bonds payable conversion.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The Company has entered into an agreement to guarantee the issuance of corporate bonds with KGI Bank, Chang Hwa Commercial Bank Ltd. and Far Eastern International Bank Co., Ltd. During the guarantee period (the same as the issuance period of the secured convertible bonds), these financial institutions are responsible for assuming main and subordinated debts such as the principal balance of convertible bonds and interest compensation payables. The guarantee ratio of KGI Bank, Chang Hwa Commercial Bank, Ltd., and Far Eastern International Bank Co., Ltd is 40%, 40% and 20%, respectively.

Relevant information for the price risk of embedded derivative – call options please refer to Note (6)(x).

(p) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

Current	<u>2023.9.30</u> \$ <u>554,117</u>	<u>2022.12.31</u> <u>557,850</u>	<u>2022.9.30</u> <u>563,640</u>
Non-current	<u>\$ 4,246,886</u>	<u>1,527,013</u>	<u>1,651,799</u>

Maturity analysis please refer to Note (6)(x).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interests on lease liabilities	<u>\$ 14,688</u>	<u>6,840</u>	<u>43,473</u>	<u>20,109</u>
Expenses relating to short-term leases	<u>\$ 9,335</u>	<u>10,786</u>	<u>32,170</u>	<u>29,214</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 2,258</u>	<u>1,627</u>	<u>7,274</u>	<u>6,071</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 515,031</u>	<u>461,880</u>

The Group leases buildings for its office space and warehouses. The leases of office space typically run of a period for 1 to 5 years, and of warehouses for 1 to 15 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(q) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax expenses:				
Current period	\$ 52,726	63,296	144,939	189,374
5% surtax on unappropriated earnings	-	-	10,952	22,432
Adjustment for prior periods	<u>(3,099)</u>	<u>1</u>	<u>(72,758)</u>	<u>(7)</u>
	<u>49,627</u>	<u>63,297</u>	<u>83,133</u>	<u>211,799</u>
Deferred tax expense:				
Origination and reversal of temporary differences	<u>(22,835)</u>	<u>(1,978)</u>	<u>(47,275)</u>	<u>(15,845)</u>
Income tax expenses	<u>\$ 26,792</u>	<u>61,319</u>	<u>35,858</u>	<u>195,954</u>

2. The amounts of income tax expenses recognized in other comprehensive income for the nine months ended September 30, 2023 and 2022, both were zero.

3. The Company's tax returns for the years through 2021 were examined and approved by the Taipei National Tax Administration.

(r) Capital and other equity

1. Issuance of common stock

As of September 30, 2023, December 31, 2022, and September 30, 2022, the total value of nominal ordinary shares amounted to \$2,000,000 thousand. The face value of each share is \$10. There were 144,163 thousand, 128,163 thousand and 128,514 thousand of ordinary shares issued, respectively. (including the issuance of the employee restricted shares amounted to 529 thousand, 529 thousand and 880 thousand shares as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.) All issued shares were paid up upon issuance.

On September 17, 2021, as resolved by the board of directors, common shares were issued at a private offering price of \$106.65 per share, in a quantity of 10,000 thousand shares with a par value of \$10 per share. The private offering cut-off date was set on October 1st, 2021. In actuality, 9,377 thousand shares were issued, and the relevant changes in registration have been completed.



**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The transfer of the aforementioned privately offered common shares, along with any subsequent gratis allotment of shares, is subject to the provisions stipulated under Article 43-8 of the Securities Exchange Act. Furthermore, a declaration for the supplementary public offering and listing on the over-the-counter market shall only be initiated after a period of three years from the date of delivery of the privately offered common share (November 18, 2021), in compliance with the relevant regulations and laws.

On February 21, 2023, the Board of Directors resolved to issue 16,000 thousand common shares at a price of \$40.1 per share, and par value per share is \$10, as totaling \$641,600 thousand. The Company has received approval from the Financial Supervisory Commission in the letter No. 1120345634 on June 20, 2023, for this capital increase. The relevant statutory registration procedures have since been completed.

2. Capital surplus

The balances of additional paid-in capital were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Share capital	\$ 3,086,246	2,600,396	2,600,396
Conversion premium	119,798	119,798	119,798
Difference between consideration and carrying amount of subsidiaries acquired or disposed	1,714,997	1,714,997	1,714,997
Changes in equity of subsidiaries	488,049	410,517	468,514
Changes in equity of investment in associates and joint ventures accounted for using the equity method	3,934	3,934	3,934
Issuance of convertible bonds	129,737	129,737	129,737
Share based payment transactions—employee restricted shares	29,579	29,579	29,369
Share based payment transactions—treasury stock	2,138	2,138	2,138
Total	<u>\$ 5,574,478</u>	<u>5,011,096</u>	<u>5,068,883</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficit, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. However, this restriction is not applied when the legal reserve has reached the paid-in capital of the Company; In addition, according to the operation needs of the Company and the provisions of laws and regulations, if there is a balance of the special surplus reserve, priority may be given to the distribution of dividends of the special shares of the current year. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for proposal.

The Company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company adopts the residual dividend policy; the residual earnings will be distributed by cash dividends before the Company fulfills the funding needs, and the ratio for stock dividend shall not exceed 80% of the total distribution. The amount, type and ratio of such dividend distribution, may be approved by the Board of Directors based on the actual profit and financial situation of the current year and submitted to the shareholders' meeting for decision.

The Board of Directors of the Company resolved not to distribute dividends for 2022 on March 20, 2023. On the other hand, the 2021 earnings distribution, by way of cash dividends, amounting to \$63,817 thousand, had been approved in the board meeting held on March 23, 2022. Relevant information would be available at the Market Observation Post System website.

4. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of September 30, 2023, a total of 1,230 thousand shares have been bought back at a cost of \$108,254 thousand, of which 351 thousand shares were transferred to employees in 2021, amounting to \$30,892 thousand. The cost does not exceed the upper limit amount \$108,440 thousand approved by the Board of Directors.

On May 11, 2022, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$70 and \$125 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of September 30, 2023, a total of 1,900 thousand shares have been bought back at a cost of \$133,140 thousand. The cost does not exceed the upper limit amount \$286,781 thousand approved by the Board of Directors.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

5. Other equity, net of tax

	Exchange difference on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation
Balance at January 1, 2023	\$ (9,252)	156,045	(41)
Exchange differences on foreign operations	(16,163)	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	92,625	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(7,828)	-
Share-based payment transactions	-	-	27
Balance at September 30, 2023	<u>\$ (25,415)</u>	<u>240,842</u>	<u>(14)</u>
Balance at January 1, 2022	\$ (12,414)	202,896	(7,896)
Exchange differences on foreign operations	(309)	-	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(142,984)	-
Share-based payment transactions	-	-	4,417
Balance at September 30, 2022	<u>\$ (12,723)</u>	<u>59,912</u>	<u>(3,479)</u>

6. Non-controlling Interests

	2023	2022
Balance at January 1	\$ 2,062,194	1,327,580
Shares of non-controlling interests		
Gain for the ended June 30	111,424	94,841
Unrealized gains from financial assets measured at fair value through other comprehensive income	(438)	(649)
Remeasurement from defined benefit plans	2,157	-
Changes in ownership interests in subsidiaries	(44,055)	498,777
Changes in non-controlling interests	(118,983)	49,303
Balance at September 30	<u>\$ 2,012,299</u>	<u>1,969,852</u>

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(s) Share-based payment

The Group had two share-based payment arrangements as follows as of September 30, 2023:

1. Employee restricted shares

The issuance of the employee restricted shares amounting to 1,100 thousand shares with par value of \$10 per share, was approved by the board of directors of the Group on September 29, 2020. This issuance of the employee restricted shares had received approval and was taken effect by the Financial Supervisory Commission on September 11, 2020, and October 22, 2020, was the base date for the capital increase.

Employees who are granted the above-mentioned employee restricted shares and continue to work in the Group for one year, two years and three years from the date of acquisition can receive 40%, 30% and 30% of employee restricted shares, respectively. The employees who are allocated the employee restricted shares, they should deliver the shares to the Group's designated institutional trust for safekeeping before they meet the vested conditions. The shares shall not be sold, pledged, transferred, gifted or otherwise dispensed. During the period which the shares are delivered to the trust for safekeeping, the voting rights of the shareholders meeting shall be vested in the trust. The custodial institution shall implement it in accordance with relevant laws and regulations. If the employees who are granted the above-mentioned restricted employee rights do not meet the acquired conditions after obtaining the new shares, their shares shall be fully recovered and canceled by the Group.

As of September 30, 2023, the employees who were granted the above-mentioned restricted employee rights but did not meet the acquired conditions their shares have been recovered, and canceled by the Company amounting to 571 thousand shares. The relevant statutory registration procedures have been completed.

2. Share-based payment transactions

	<b>Equity-settled</b>					
	<b>Treasury stocks transferred to employees</b>	<b>Treasury stocks transferred to employees</b>	<b>Subsidiaries' employee stock options</b>	<b>Subsidiaries' employee stock options</b>	<b>Subsidiaries' employee stock options</b>	<b>Cash capital increase reserve for employee</b>
Grant date	August 6, 2021	November 3, 2021	May 25, 2017	September 1, 2022	April 1, 2023	June 28, 2023
Number of shares granted	333,000 shares	18,000 shares	33,372,000 shares	55,000 shares	5,880,000 shares	667,000 shares
Contract term	2 years	2 years	5 years	6 years	10 years	-
Vesting conditions	Immediately vested	Immediately vested	Note 1	Note 2	Note 3	Immediately vested

Note 1: The Group provides 25%, 25%, 25% and 25% share option to its employee annually according to their years of service, with a maximum of 4 years and a minimum of 1 year. On April 1, 2022, the board of directors resolved to repurchase the remaining employee stock options for \$19,271 thousand in cash.

Note 2: The Group provides 25% of its shares as employee stock options after the first year of service rendered by its employees, wherein an average of 2.08% of the shares can be realized monthly from the second to fourth year of their service.

Note 3: Employees who have vested in 4 years can obtain 25% of the warrants for each of their full year of service.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1) Determining the fair value of equity instruments granted

The Group adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	Treasury stocks transferred to employees	Treasury stocks transferred to employees	Subsidiaries' employee stock options	Subsidiaries' employee stock options	Subsidiaries' employee stock options	Cash capital increase reserve for employee
Fair value at grant date	4.88	17.96	-	14.19	30.18~40.7	10.55
Stock price at grant date	91.18	105.64	-	14.19	49.76	50.60
Exercise price	-	-	USD 0.09	\$10	\$0.00323	\$40.10
Expected volatility (%)	46.82%	42.65%	28.78%~60.78%	21.89%	55.25%	22.72%
Expected life of the option (years)	-	-	5 years	6 years	10 years	0.12 years
Risk-free interest rate (%)	0.0484%	0.0909%	0.95%~1.31%	1.0195%	3.705%~3.480%	1.10%

2) Information on employee stock options

(Unit: Thousands)

	<b>For the nine months ended September 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Weighted- average exercise price</b>	<b>Numbers of options</b>	<b>Weighted- average exercise price</b>	<b>Numbers of options</b>
Balance, beginning of January 1	NTD -	-	USD 0.09	15,990
Options granted	0.7122	6,602,000	-	-
Options forfeited	-	-	-	(15,990)
Options exercised	10.55	(667,000)	-	-
Options expired	-	-	-	-
Balance, end of September 30	0.4135	<u>5,935,000</u>	-	<u>-</u>
Options exercisable, end of September 30	-	<u>-</u>	-	<u>-</u>

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions for the three months and nine months ended September 30, 2023 and 2022, were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Salary expenses	<u>\$ 19,806</u>	<u>1,489</u>	<u>32,131</u>	<u>4,417</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(t) Earnings per share

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Loss attributable to common stockholders of the Company \$	<u>(155,220)</u>	<u>(27,151)</u>	<u>(362,356)</u>	<u>(60,977)</u>
Weighted-average number of ordinary shares	<u>134,254</u>	<u>125,750</u>	<u>128,353</u>	<u>126,562</u>
Basic earnings per share (New Taiwan Dollars) \$	<u>(1.16)</u>	<u>(0.22)</u>	<u>(2.82)</u>	<u>(0.48)</u>

Due to the net loss after tax of the Group in for the nine months ended September 30, 2023 and 2022, when calculating the potential items of diluted earnings per share, it will have an anti-dilutive effect. Therefore, the diluted earnings per share is excluded.

(u) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue of electronic commerce \$	9,426,906	9,618,648	28,088,365	32,024,743
Revenue of non-electronic commerce	<u>278,986</u>	<u>395,003</u>	<u>794,996</u>	<u>878,201</u>
\$	<u><b>9,705,892</b></u>	<u><b>10,013,651</b></u>	<u><b>28,883,361</b></u>	<u><b>32,902,944</b></u>

2. Contract balances

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.12.31</u>
Contract liabilities \$	<u><b>526,217</b></u>	<u><b>629,463</b></u>	<u><b>647,961</b></u>

For details on accounts receivables and allowance for impairment, please refer to Note (6)(d).

The amount of revenue recognized for the nine months ended September 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$547,514 thousand and \$427,962 thousand, respectively.

(v) Remunerations to employees, directors and supervisors

In accordance with the articles of the Company should contribute 1%~15% of the profit as employee compensation and less than 1.5% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

No remunerations to employees, and directors and supervisors were accrued by the Company due to net loss after tax for the nine months ended September 30, 2023. The remunerations to employees and directors amounted to \$(809) thousand, \$556 thousand, \$(91) thousand and \$62 thousand, respectively, for the three-months and the nine-months ended September 30, 2022.

For the year ended December 31, 2022 and 2021, the remunerations to employees amounted to \$2,352 thousand and \$23,702 thousand, respectively. And the remunerations to directors and supervisors amounted to \$264 thousand and \$2,660 thousand, respectively. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 11,931	4,674	38,895	11,281
Other interest income	294	34	720	363
Total interest income	<u>\$ 12,225</u>	<u>4,708</u>	<u>39,615</u>	<u>11,644</u>

2. Other income

The details of other income were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Income from fines and penalties- 21st Century Digital Technology Co., Ltd.	\$ 51,550	42,480	153,114	119,592
Gain on reversal of bad debts - 21st Century Digital Technology Co., Ltd.	4,982	-	17,662	-
Income from the collection and payments -PChome Store Inc.	42,283	-	42,283	-
Income from the collections and payments -Pi Mobile Technology Inc.	7,569	-	18,317	-
Credit card rewards -PChome Bibian Inc.	1,804	1,102	8,675	6,065
Government grants	1,423	-	7,880	1,621
Dividend income	181	-	2,581	4,732
Other income	2,834	4,011	12,365	7,774
Total other income	<u>\$ 112,626</u>	<u>47,593</u>	<u>262,877</u>	<u>139,784</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. Other gains and losses, net

The details of other gains and losses were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Lease modification	\$ (15)	311	28,791	311
(Loss) gains on disposal of property, plant and equipment and intangible assets	(160)	25	7,270	50
(Loss) gains on current financial assets at fair value through profit or loss - Chunghwa PChome Fund 1 Co., Ltd.	-	(10,026)	-	179,125
Loss on current financial assets at fair value through profit or loss - PChome Online Inc.	-	(138)	-	(3,999)
Liquidated damages	(1,612)	-	(9,810)	-
Gains on disposal of investments	5,649	3,414	4,497	3,414
Foreign currency exchange gains	3,517	8,303	7,029	22,114
Fire damages	(21,843)	-	(21,843)	-
Others	(4,549)	(69)	(7,673)	(143)
Other gains and losses, net	<u>\$ (19,013)</u>	<u>1,820</u>	<u>8,261</u>	<u>200,872</u>

4. Finance costs

The details of finance cost were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Borrowing Interest Expenses	\$ 17,789	8,983	63,833	26,243
Interest expenses on lease liabilities	14,688	6,840	43,473	20,109
Bond interest expenses	2,518	2,500	7,460	7,406
Others	153	1,422	(1,167)	2,169
Finance costs, net	<u>\$ 35,148</u>	<u>19,745</u>	<u>113,599</u>	<u>55,927</u>

(x) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other information about the fair value of financial instruments, please refer to Note (6)(x) of the consolidated financial statements for the year ended December 31, 2022.



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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>Balance at September 30, 2023</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 2,896,697	2,896,697	1,248,213	1,648,484	-	-	-
Accounts and notes payable	3,506,592	3,506,592	3,506,592	-	-	-	-
Other payables	1,128,741	1,128,741	1,028,175	100,566	-	-	-
Receipts under custody	1,847,123	1,847,123	1,847,024	99	-	-	-
Lease liability	4,801,003	4,801,003	272,763	281,354	475,459	1,004,593	2,766,834
Long-term borrowings	2,132,017	2,132,017	53,792	228,250	1,012,827	145,858	691,290
Bonds payable	1,378,907	1,379,000	1,379,000	-	-	-	-
Long-term payables	84,734	84,734	-	-	84,734	-	-
	<u>\$ 17,775,814</u>	<u>17,775,907</u>	<u>9,335,559</u>	<u>2,258,753</u>	<u>1,573,020</u>	<u>1,150,451</u>	<u>3,458,124</u>
<b>Balance at December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 3,362,455	3,362,455	1,944,629	1,417,826	-	-	-
Accounts and notes payable	3,925,764	3,925,764	3,925,764	-	-	-	-
Other payables	1,798,731	1,798,731	1,704,307	94,424	-	-	-
Receipts under custody	1,914,837	1,914,837	1,914,837	-	-	-	-
Lease liability	2,084,863	2,084,863	282,998	274,852	500,684	730,398	295,931
Long-term borrowings	2,246,600	2,246,600	53,792	703,250	990,025	273,833	225,700
Bonds payable	1,371,447	1,379,000	-	1,379,000	-	-	-
Long-term payables	234,612	234,612	-	-	149,878	84,734	-
	<u>\$ 16,939,309</u>	<u>16,946,862</u>	<u>9,826,327</u>	<u>3,869,352</u>	<u>1,640,587</u>	<u>1,088,965</u>	<u>521,631</u>
<b>Balance at September 30, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 2,900,346	2,900,346	1,190,231	1,710,115	-	-	-
Accounts and notes payable	3,686,208	3,686,208	3,686,208	-	-	-	-
Other payables	1,317,005	1,317,005	1,227,090	89,915	-	-	-
Receipts under custody	1,818,348	1,818,348	1,818,348	-	-	-	-
Lease liability	2,215,439	2,215,439	289,487	274,153	539,299	792,146	320,354
Long-term borrowings	1,688,925	1,688,925	53,792	103,250	1,003,025	368,558	160,300
Bonds payable	1,368,942	1,379,000	-	-	1,379,000	-	-
Long-term payables	500,141	500,141	-	-	414,605	85,536	-
	<u>\$ 15,495,354</u>	<u>15,505,412</u>	<u>8,265,156</u>	<u>2,177,433</u>	<u>3,335,929</u>	<u>1,246,240</u>	<u>480,654</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2. Currency risk

1) Currency risk exposure

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

	2023.9.30			2022.12.31			2022.9.30		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 2,855	32.28	92,171	4,843	30.73	148,824	3,802	31.75	120,716
JPY	47,194	0.2162	10,203	45,796	0.2319	10,620	56,628	0.2199	12,452
SGD	-	-	-	786	22.86	17,975	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	215	32.28	6,941	190	30.73	5,836	174	31.75	5,530

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other receivables, and accounts payable that are denominated in foreign currency.

A 5% appreciation or depreciation of the TWD against the USD, JPY and SGD as of September 30, 2023 and 2022, would have increased or decreased net loss by \$3,817 thousand and \$5,106 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the nine months ended September 30, 2023 and 2022.

Due to the variety of functional currency, the Group disclosed the foreign currency gain or loss on monetary items aggregately. For the nine months ended September 30, 2023 and 2022, the foreign exchange gain (including realized and unrealized) were \$7,029 thousand and \$22,114 thousand, respectively.

3) Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note (6)(x) on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of financial assets and liabilities on the reporting date.

If the interest rate had increased or decreased by 0.1%, the Group's net income would have increased or decreased by \$1,085 thousand and \$1,062 thousand for the nine months ended September 30, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings and deposits at variable rates.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. Other market price risk

For the nine months ended September 30, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

<u>Prices of securities at the reporting date</u>	<b>For the nine months ended September 30,</b>				
	<b>2023</b>			<b>2022</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>		
<b>Net income</b>					
Increasing 1%	\$ 6,815	3,215	5,233	3,426	
Decreasing 1%	(6,815)	(3,215)	(5,233)	(3,426)	

4. Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets, including the information on fair value hierarchy were as follows:

	<b>2023.9.30</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Fair value through profit or loss</b>					
Preferred stock	\$ 401,909	-	-	401,909	401,909
Domestic and foreign convertible bonds	31,328	-	-	31,328	31,328
	<u>\$ 433,237</u>	<u>-</u>	<u>-</u>	<u>433,237</u>	<u>433,237</u>
<b>Fair value through other comprehensive income</b>					
Domestic and foreign stock of non-listed company	<u>\$ 851,873</u>	<u>-</u>	<u>-</u>	<u>851,873</u>	<u>851,873</u>
<b>2022.12.31</b>					
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Fair value through profit or loss</b>					
Preferred stock	\$ 390,074	-	-	390,074	390,074
Domestic and foreign convertible bonds	31,356	-	-	31,356	31,356
	<u>\$ 421,430</u>	<u>-</u>	<u>-</u>	<u>421,430</u>	<u>421,430</u>
<b>Fair value through other comprehensive income</b>					
Domestic and foreign stock of non-listed company	<u>\$ 791,590</u>	<u>-</u>	<u>-</u>	<u>791,590</u>	<u>791,590</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	2022.9.30				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Fair value through profit or loss</b>					
Preferred stock	\$ 428,298	-	-	428,298	428,298
Foreign convertible bonds	38,335	-	-	38,335	38,335
	<u>\$ 466,633</u>	<u>-</u>	<u>-</u>	<u>466,633</u>	<u>466,633</u>
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ 654,114	-	-	654,114	654,114
Foreign convertible bonds	8,336	-	-	8,336	8,336
	<u>\$ 662,450</u>	<u>-</u>	<u>-</u>	<u>662,450</u>	<u>662,450</u>

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

The financial instruments held by the Group are regarded as non-quoted price of the equity instruments. The fair value of the financial instruments is estimated by the comparable listed company market approach. The major assumption is measured by the multiplier which is derived from comparable listed company market approach. The effect of the estimation has been adjusted by the lack of market liquidity discounted rate.

2.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
<b>Opening balance, January 1, 2023</b>	\$ 421,430	791,590
Purchased	11,835	-
Total gains and losses recognized:		
In profit or loss	(28)	-
In other comprehensive income	-	94,782
Disposal/ Capital reduction	-	(34,499)
<b>Ending Balance, September 30, 2023</b>	<u>\$ 433,237</u>	<u>851,873</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>
<b>Opening balance, January 1, 2022</b>	\$ 244,226	767,882
Purchased	47,281	37,552
Total gains and losses recognized:		
In profit or loss	175,126	-
In other comprehensive loss	-	(142,984)
<b>Ending Balance, September 30, 2022</b>	<b>\$ 466,633</b>	<b>662,450</b>

For the three months and the nine months ended September 30, 2023 and 2022, the total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from fair value through other comprehensive income” were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Total gains and losses recognized:				
In other gains and losses	\$ -	(10,164)	(28)	175,126
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	(6,737)	(12,498)	94,782	(142,984)

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

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – derivative financial instruments” and “fair value through other comprehensive income available-for-sale financial assets – equity investments”.

Most of the Group’s financial instruments categorized as Level 3 and have only one significant unobservable input. Derivative financial instruments and equity investments, which have no active market price, have more than one significant unobservable inputs, and those inputs have no correlation between each other.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Fair value through profit or loss – Embedded derivative – call options	Binomial tree pricing convertible bonds model	·Volatility (September 30, 2023, December 31, 2022 and September 30, 2022 were 38.01%, 49.21% and 47.78%, respectively.)	·The estimated fair value would increase (decrease) if the volatility were higher (lower).
Fair value through profit or loss – Derivate financial instrument	Comparable listed company market approach	·Market value ratio (September 30, 2023, December 31, 2022 and September 30, 2022 were 1.07~6.00, 1.07~6.00 and 2.55~8.02, respectively.) ·Liquidity discounted rate (September 30, 2023, December 31, 2022 and September 30, 2022 were 2.01%~30%, 28.05%~30% and 26.62%~60.70%, respectively.)	·The estimated fair value would increase (decrease) if the market value were higher (lower). ·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).
Fair value through other comprehensive income – Equity investments without an active market	Comparable listed company market approach	·Market value ratio (September 30, 2023, December 31, 2022 and September 30, 2022 were,0.91~8.86, 0.73~9.34 and 0.67~8.45, respectively.) ·Liquidity discounted rate (September 30, 2023, December 31, 2022 and September 30, 2022 were 2.76%~31%, 8.85%~30% and 12.88%~30%, respectively.)	·The estimated fair value would increase (decrease) if the market value were higher (lower). ·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

Sensitivity analysis for fair values of financial instruments using Level 3 Inputs, the Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, the impact on the net income or loss and other comprehensive income or loss will be as follows if the valuation parameters changed:

	Input	Variation	Profit or loss		Other comprehensive income	
			Favor-able	Unfavor-able	Favor-able	Unfavor-able
<b>September 30, 2023</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ -	-	-	-
Derivative financial instruments	P/S ratio	5%	1,566	(1,566)	-	-
Equity investments without an active market	P/S ratio etc.	5%	20,095	(20,095)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	34,252	(34,020)
"	Liquidity discounted rate	5%	-	-	49,152	(48,590)
			<u>\$ 21,661</u>	<u>(21,661)</u>	<u>83,404</u>	<u>(82,610)</u>
<b>December 31, 2022</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ -	-	-	-
Derivative financial instruments	P/S ratio	5%	1,917	(1,917)	-	-
Equity investments without an active market	P/S ratio etc.	5%	21,415	(21,415)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	30,977	(30,980)
"	Liquidity discounted rate	5%	-	-	48,215	(47,621)
			<u>\$ 23,332</u>	<u>(23,332)</u>	<u>79,192</u>	<u>(78,601)</u>
<b>September 30, 2022</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ -	-	-	-
Derivative financial instruments	P/S ratio	5%	1,917	(1,917)	-	-
Equity investments without an active market	P/S ratio etc.	5%	21,415	(21,415)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	11,815	(11,532)
"	Liquidity discounted rate	5%	-	-	11,631	(11,497)
			<u>\$ 23,332</u>	<u>(23,332)</u>	<u>23,446</u>	<u>(23,029)</u>

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to Note (6)(y) of the annual consolidated financial statements for the year ended December 31, 2022.

(z) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2022. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2022. For other information about the capital management, please refer to Note (6)(z) of the consolidated financial statements for the year ended December 31, 2022.

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

The Group's investing and financing activities which did not affect the current cash flow in the September 30, 2023 and 2022, were as follows:

1. For right-of-use assets under lease, please refer to Note (6)(j).
2. For conversion of convertible bonds to ordinary shares, please refer to Note (6)(o).
3. The reconciliation of liabilities arising from financing activities was as follows:

	<b>2023.1.1</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>2023.9.30</b>
Long-term borrowings	\$ 2,246,600	(114,583)	-	2,132,017
Short-term borrowings	3,362,455	(465,758)	-	2,896,697
Lease liabilities	2,084,863	(432,114)	3,148,254	4,801,003
Bonds payable	1,371,447	-	7,460	1,378,907
Total liabilities from financing activities	<b><u>\$ 9,065,365</u></b>	<b><u>(1,012,455)</u></b>	<b><u>3,155,714</u></b>	<b><u>11,208,624</u></b>

  

	<b>2022.1.1</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>2022.9.30</b>
Long-term borrowings	\$ 1,445,100	243,825	-	1,688,925
Short-term borrowings	2,263,667	636,679	-	2,900,346
Lease liabilities	2,137,215	(406,486)	484,710	2,215,439
Bonds payable	1,361,536	-	7,406	1,368,942
Total liabilities from financing activities	<b><u>\$ 7,207,518</u></b>	<b><u>474,018</u></b>	<b><u>492,116</u></b>	<b><u>8,173,652</u></b>



**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(7) Related-Party Transactions**

(a) Names and relationships with related parties

The followings are entities that have had transactions with related party during the period covered in the consolidated interim financial statements.

<u>Names of related party</u>	<u>Relationships with the Group</u>
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK (Note1)	"
Cherri Tech Inc. (Note2)	"
SHANG-ENINFO CO., LTD	"
UPN Information Co., Ltd.	"
Miho International Cosmetic Co., Ltd.	Other related party of the Company
Eastern Online Co., Ltd.	"
EOLEMBRAIN ONLINE MARKETING RESEARCH CO., LTD.	"
SITE INC.	"
PAYEASY DIGIATL INTERNATIONAL CO., LTD.	"
Cyu Wei Jing Rong Ke Ji Co., Ltd.	"
21St Century Zi-Rong Co., Ltd.	"
21St Century Xin Yong Guan Li Co., Ltd.	"
Yin Zhen Shi Ye Ltd.	"
Jing Hua Co., Ltd.	"
Lian Hong Shi Ye Ltd.	"
Wei Ting Shi Ye Co., Ltd.	"
Ming Pin Co., Ltd.	"
Te Wei Co., Ltd.	"
Yu Xin Guo Ji Co., Ltd.	"
Tai Ding Shi Ye Co., Ltd.	"
Min Yu Qi Ye Co., Ltd.	"
Zhuang, Fan Jie	"
Liao, Zong Lun	"
Zhang, Man Ling	"
Chou, Yi Ming	"

Note1: The dissolution and liquidation procedures had completed on March 20, 2023.

Note2: Cherri Tech Inc. was an associate of the Company. The Group gained control over it and became a subsidiary of the Group on July 29, 2022.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(b) Significant transactions with related parties

1. Sales

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ <u>72</u>	<u>-</u>	<u>495</u>	<u>-</u>

The sales prices and payment terms to related parties were not different from those of sales to third parties.

2. Purchases

The amounts of significant purchase transactions and outstanding balances between the consolidated entity and related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>42</u>	<u>-</u>	<u>475</u>	<u>21</u>

Prices for the purchases above were negotiated, and there were no comparable prices with non-related parties.

3. Receivables from related parties

The receivables from related parties were as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Lease receivable	Associates	\$ 5,648	8,153	-
Other receivables	Associates	91	86	9,096
Other receivables (Note)	Other related parties	17,150	39,563	17,948
		<u>\$ 22,889</u>	<u>47,802</u>	<u>27,044</u>

Note: For the nine months ended September 30, 2023 and 2022, the collections and payments generated by exchanging points of the Group amounted to \$47,288 thousand and \$77,578 thousand, respectively. As of September 30, 2023 and 2022, the carrying amount was recognized under other receivables.

4. Payables to related parties

<u>Item</u>	<u>Related party categories</u>	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Other payables	Other related parties	\$ <u>2,987</u>	<u>419</u>	<u>350</u>

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

5. Other

Item	Related party categories	For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
Operating cost	Other related parties	\$ 11	1	11	10
Operating expenses	Associates	-	67	-	209
Operating expenses	Other related parties	3,509	579	5,219	1,725
Other operating income	Associates	6	43	62	59
Other operating income	Other related parties	118	257	569	689

6. Borrowings from Related Parties

The borrowings from related parties were as follows:

	2023.9.30	2022.12.31	2022.9.30
Wei Ting Shi Ye Co., Ltd.	\$ 105,355	109,621	109,621
Te Wei Co., Ltd.	155,546	162,621	162,621
Ming Yu Qi Ye Co., Ltd.	230,775	197,965	197,965
Chou, Yi Ming	264,651	251,318	251,318
	<u>\$ 756,327</u>	<u>721,525</u>	<u>721,525</u>

The borrowings from related parties bear interest at rates ranging from 2.75% to 3.00%, all of which are unsecured, and the carry amount was recognized under long-term borrowings.

For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, interest cost were \$2,128 thousand, \$4,027 thousand, \$7,350 thousand and \$13,108 thousand, respectively, and interest expense were \$3,665 thousand, \$1,935 thousand, \$9,590 thousand and \$1,935 thousand, respectively,

7. Leases

The Group rented an office building from other related party to be used as its office during 2021 to 2023. An one to three years year lease contract was signed with the contract price amounting to \$9,322 thousand, in which the rental fee is determined based on the nearby office rental rates. The details were as follow:

Item	Related party categories	2023.9.30	2022.12.31	2022.9.30
Lease liabilities	Other related parties	\$ 3,185	4,392	4,024
Refundable deposits	Other related parties	336	300	300

Item	Related party categories	For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
Interest expenses	Other related parties	\$ 24	24	75	67

8. As of September 30, 2023, December 31, 2022, and September 30, 2022, the short-term borrowings, short-term notes payable and long-term borrowings of the Group are guaranteed by credit and real estate from other related parties, with a total amount of \$2,599,500 thousand, \$2,376,875 thousand and \$2,616,000 thousand, respectively.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits \$	15,300	28,357	58,835	88,527

**(8) Restricted Assets:**

The following assets were restricted in use:

Assets	Purpose of Pledge	2023.9.30	2022.12.31	2022.9.30
Bank deposit-current (recognized under other current financial assets)	Security for performance, purchase guarantee, loans with certificate of deposits and corporate bonds guarantee	\$ 1,153,629	842,223	799,044
Refundable deposit (recognized under other non- current financial assets)	Security for provisional seizure, etc. deposits for office rental and bank loans	265,590	217,762	233,719
		\$ 1,419,219	1,059,985	1,032,763

**(9) Significant Contingencies and Commitments:**

(a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.

(b) Notes payable deposited as guarantee for commercial vehicle and office and building leases were as follows:

	2023.9.30	2022.12.31	2022.9.30
Notes payable deposited as guarantee	\$ 130,417	300,146	200,338

(c) According to the “Standardized contract for telecom product or service”, the payment guarantee for Skype stored-value service should be fully provided by financial institutions. Therefore, the Group entered into an agreement with a financial institution, with having a guarantee limit were as follows:

	2023.9.30	2022.12.31	2022.9.30
Guarantee limit	\$ 8,500	10,000	10,000

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- (d) The Group has entered into performance guarantee contracts with financial institutions for the purchase of goods from vendors, tariff guarantee, stored value in advance and payment on behalf of vendors, with guarantee amounts as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Guarantee limit	\$ <u>3,029,317</u>	<u>3,110,726</u>	<u>3,080,828</u>

- (e) As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group has paid \$655,945 thousand, \$139,660 thousand and \$518,422 thousand, for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting were 695,768 thousand, \$1,244,421 thousand and \$1,268,874 thousand, respectively.

- (f) The Group has entered into an agreement with a financial institution for providing trust account for the Group on the balance amount received through the Group's online payment processing services to online sellers; the amount of the trust account agreed therein were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
The trust account	\$ <u>361,831</u>	<u>314,251</u>	<u>292,595</u>

- (g) Due to the issuance of secured convertible bonds, the Group has entered into an agreement with a bank for providing guarantee; the amount of guarantee agreed therein were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Guarantee limit	\$ <u>1,379,000</u>	<u>1,379,000</u>	<u>1,379,000</u>

- (h) Due to the performance of the contract, the guaranteed notes payable made by the Group were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes payable deposited as guarantee	\$ <u>3,530,000</u>	<u>2,360,000</u>	<u>2,360,000</u>

**(10) Significant Catastrophic Losses:**

A fire accident occurred at a warehouse of PChome Express Co. Ltd, a 100% owned subsidiary of the Company, on August 1, 2023, resulting in the damage of some of the Company's equipment and inventory. The Group has taken out a property insurance policy to cover the damage, and is currently in the process of negotiating with the insurance company to settle the claim. As of September 30, 2023, the losses of inventory and equipment were recorded under non-operating expenses - other losses. Please refer to Note (6)(w) for further details. Since the losses are still under evaluation by the insurance company, the Company is not able to recognize the full amount of insurance claims. Additional insurance claim income will be recognized when the Company is almost certain of its collectability.

**(11) Significant Subsequent Events:**

The Company's first domestic secured convertible corporate bonds matured on October 7, 2023, and were repaid in a lump sum in cash. And the Company terminated the OTC trading on October 11, 2023.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(12) Others:**

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as	For the three months ended September 30, 2023			For the three months ended September 30, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Nature						
Employee benefits						
Salary	80,678	392,083	472,761	82,285	452,646	534,931
Labor and health insurance	8,999	39,134	48,133	8,892	46,298	55,190
Pension	3,940	19,612	23,552	3,895	23,491	27,386
Others employee benefits	3,926	23,020	26,946	4,321	24,582	28,903
Depreciation	14,426	202,524	216,950	18,181	171,124	189,305
Amortization	1	33,176	33,177	24	26,589	26,613

Categorized as	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Nature						
Employee benefits						
Salary	239,579	1,184,834	1,424,413	230,862	1,285,798	1,516,660
Labor and health insurance	27,529	121,171	148,700	26,142	129,558	155,700
Pension	12,203	60,176	72,379	11,469	65,693	77,162
Others employee benefits	12,218	72,494	84,712	12,102	78,117	90,219
Depreciation	49,642	615,125	664,767	54,335	512,016	566,351
Amortization	37	95,134	95,171	66	72,417	72,483

(b) Seasonality of operations:

The factors of season or cycle have no impact on the operations of the Group.

**(13) Additional Disclosures:**

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2023:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	21st Century Technology Co., Ltd.	Other receivables	Yes	350,000	-	-	- %	2	-	Business turnover	-	Repayment of promissory note	350,000	2,726,092	2,726,092

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short- term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Other receivables	Yes	570,000	570,000	537,320	2.75 %	2	-	Business turnover	-	Repayment of promissory note	210,000	670,001	670,001
1	21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	Other receivables	Yes	100,000	-	-	- %	2	-	Business turnover	-	-	-	907,541	907,541
1	"	21st Financial Technology Co., Ltd	Other receivables	Yes	1,100	-	-	- %	2	-	Business turnover	-	-	-	907,541	907,541
1	Cherri Tech, Inc.	Japan Cherri KK	Other receivables	Yes	4,370	4,370	-	2.75 %	2	-	Business turnover	-	-	-	24,854	24,854

Note 1: For those companies with business contact, please fill in 1. For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 40% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value.

**2. Guarantees and endorsements for other parties:**

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	Linktel Inc.	2	3,407,615	10,000	10,000	1,838	-	0.15 %	10,222,845	Y	N	N
0	"	PChome Express Co., Ltd.	2	3,407,615	50,000	50,000	-	-	0.73 %	10,222,845	Y	N	N
0	"	PChome Store Inc.	2	3,407,615	325,000	125,000	125,000	-	1.83 %	10,222,845	Y	N	N
0	"	PChome Bibian Inc.	2	3,407,615	345,900	265,560	143,845	-	3.90 %	10,222,845	Y	N	N
0	"	Pi Mobile Technology Inc.	1	1,022,285	300,000	300,000	20,000	-	4.40 %	10,222,845	Y	N	N
0	"	21st Century Digital Technology Co., Ltd.	1	1,675,002	350,000	350,000	350,000	350,000	5.14 %	10,222,845	Y	N	N
1	21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	2	6,806,555	2,440,000	2,100,000	949,858	-	92.56 %	11,344,258	Y	N	N
1	"	Pi Mobile Technology Inc.	2	6,806,555	100,000	100,000	20,000	-	4.41 %	11,344,258	Y	N	N
2	21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	3	5,025,005	2,140,000	100,000	-	-	5.97 %	8,375,009	N	Y	N

Note 1: 0 is issuer. Subsidiaries labeled in number sequence from 1.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 2: 0. The total amount of guarantee and/or endorsements for any single entity shall not exceed 50% of the current net value. The shareholders' meeting on June 28, 2023 approved that the total amount of endorsement and/or guarantees by the Company and its subsidiaries was increased from 100% of the net value in their latest financial statements to 150%.

1. Investee subsidiaries - the limit of endorsement and/or guarantees for individual entity by 21st Century Technology Co., Ltd. shall not exceed 300% of the entity's net worth as stated in its latest financial report. The total amount of guarantees and endorsements for others shall not exceed 500% of the Company's net worth in the latest financial statements.

2. Investee subsidiaries - the limit of endorsement and/or guarantees for individual entity by 21st Century Digital Technology Co., Ltd. shall not exceed 300% of the the entity's net worth as stated in its latest financial report. The total amount of guarantees and endorsements for others shall not exceed 500% of the Company's net worth in the latest financial statements.

Note 3: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common stocks.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

**3. Information regarding securities held at balance sheet date:**

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
PChome Online Inc.	Common Stock:							
	Openfind InformationTechnology, Inc.	-	FVOCI	880,000	49,931	6.22 %	49,931	
	" Career Consulting Co., Ltd.	-	"	113,005	3,780	0.72 %	3,780	
	" ECROWD MEDIA INC.	-	"	3,725,645	60,318	18.39 %	60,318	
	" IPEVO Corp.	-	"	1,958,018	61,952	7.19 %	61,952	
	" Famicloud Inc.	-	"	57,000	629	0.50 %	629	
	" Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	1,071	4.75 %	1,071	
	" Miho International Cosmetic Co., Ltd.	-	"	6,941,550	121,685	8.09 %	121,685	
	" PayEasy Ltd.	-	"	1,376,668	34,651	12.52 %	34,651	
	" 17Life Ltd.	-	"	1,126,049	7,004	6.26 %	7,004	
	" Influenxio Limited	-	"	9,915	7,612	3.51 %	7,612	
	" Mdata Group Co., LTD.	-	"	126,011	18,108	2.86 %	18,108	
	" AccuHit Tech Holdings Limited	-	"	416,667	16,550	3.66 %	16,550	
	" Preferred stocks:							
	" Pickupp Limited	-	"	650,644	87,150	3.17 %	87,150	
" FunNow Ltd.	-	"	1,306,620	44,257	2.71 %	44,257		
" AccuHit Tech Holdings Limited	-	"	1,400,000	145,211	12.28 %	145,211		
" Our Agriculture Inc.	-	"	3,212,121	14,808	2.49 %	14,808		
Pi Mobile Technology Inc.	Common Stock:							
	All Win Fintech Company Limited	-	"	11,400,000	177,156	11.40 %	177,156	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	2.31 %	-	
	Taiwan Star Telecom Co., Ltd.	-	"	3,942	-	- %	-	



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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
Chunghwa PChome Fund 1 Co., Ltd.	Convertible bonds:							
	Tresl Inc.	-	FVTPL	-	8,640	- %	8,640	
	WORCA INC.	-	"	-	22,688	- %	22,688	
	Preferred stocks:							
	Instill Ai Ltd.	-	"	6,262	4,202	3.60 %	4,202	
	FP International Limited	-	"	56,050	5,116	2.39 %	5,116	
	Ecommerce Enablers Pte. Ltd.	-	"	142,813	29,606	0.15 %	29,606	
	USPACE Tech Co., Ltd.	-	"	1,226,016	31,889	6.16 %	31,889	
	Our Agriculture Inc.	-	"	11,682,828	25,541	8.92 %	25,541	
	Green Future Tech Inc.	-	"	312,300	45,734	2.29 %	45,734	
	Pickupp Limited	-	"	131,179	17,341	0.64 %	17,341	
	Return Helper Limited	-	"	6,556	21,589	13.76 %	21,589	
	Aiello Inc.	-	"	6,836,545	21,113	3.29 %	21,113	
	Haulio Investment Holdings Pte. Ltd.	-	"	362,189	5,558	0.91 %	5,558	
	GoFreight Inc.	-	"	165,020	179,503	5.02 %	179,503	
	Traveler Co., Ltd.	-	"	10,000	14,717	0.61 %	14,717	

- Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
- Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital:

Name of company	Type of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
The Company	Right-of-use asset	February 1, 2023	3,996,875	monthly payment	Chunghwa Post Co., Ltd.	None	-	-	-	-	Tender contract	Warehouse	None

- Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
- Buying/selling products with the dollar amount reaches \$100 million or 20% or more of paid-in capital: None.
- Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
PChome Online Inc.	Pi Mobile Technology Inc.	Subsidiary	414,689	- %	-		414,689	-
21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Parent company of sub-subsidiary	552,144	- %	-		-	-

- Derivative transactions: Please refer to Note (6)(b).

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

10. Business relationships and significant inter-company transactions:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	PChome Online Inc.	Pi Mobile Technology Inc.	1	Accounts receivable	414,689	Usual terms and conditions	1.50 %
0	21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	1	Other receivables	552,144	Usual terms and conditions	2.00 %

Note 1: For the inter-company business relationship and transaction condition in the "No." column, the labeling method is as follows:

1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

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

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose other transactions for which the proportion did not reach one percentage of the consolidated revenue or assets.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

For the nine months ended September 30, 2023, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	-	30,000	-	- %	-	1,141	1,141	Note 1
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	14,927	(10,701)	(10,701)	"
"	PC HOME ONLINE INTERNATIONAL CO., LTD.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	356	(1,334)	(1,334)	"
"	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	58,912	57,726	15,280	"
"	PChome Store Inc.	"	Internet services	-	326,494	-	- %	-	15,893	(8,116)	Note 1
"	PCHOME US INC.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	7,036	1,517	1,395	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	11,381	(6,686)	(4,429)	"
"	PChome Travel Inc.	Taiwan	Travel agency business	36,000	36,000	3,600,000	100.00 %	11,026	(2,166)	(2,166)	"
"	PChome Financial Technology Inc.	"	Information service	10,000	10,000	1,000,000	100.00 %	3,710	(146)	(146)	"
"	PChome Holding Inc.	British Virgin Islands	Investment activities	1,043,763	1,043,763	335,680,846	100.00 %	22,411	4,429	4,429	"
"	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	200,000	20,000,000	100.00 %	127,610	(11,858)	(11,858)	"
"	Chunghwa PChome Fund 1 Co., Ltd.	"	Investment activities	200,000	200,000	20,000,000	50.00 %	260,998	(14,410)	(7,205)	"

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	Cornerstone Ventures Co., Ltd.	British Virgin Islands	Investment activities	5,100	5,100	510,000	51.00 %	7,618	1,178	601	Note 1
"	PChome CB Co., Ltd.	"	E-commerce cross-border services	140,000	140,000	14,000,000	70.00 %	163,703	7,112	4,979	"
"	Mitch Co., Ltd.	"	Clothing sales	168,614	162,000	10,400,000	100.00 %	15,768	(11,956)	(7,481)	"
"	YunTan technology Inc.	"	Information processing and provision of electronic information	54,250	54,250	1,261,628	59.94 %	47,805	(12,490)	(10,199)	Notes 1&2
"	21st Century Technology Co., Ltd.	"	Financial Technology Services	5,192,546	5,192,546	24,139,099	43.63 %	4,605,001	214,617	74,688	"
"	PChome Data Technology Co., Ltd.	"	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	4,049	(380)	(380)	Note 1
"	PIN Technology Inc.	"	Information processing and provision of electronic information	10,000	10,000	1,000,000	100.00 %	9,694	(33)	(33)	"
"	UPN Information Co., Ltd.	Cayman Islands	Investment activities	224,262	224,262	400,001	40.00 %	212,179	(11,204)	(5,999)	Note 2
"	EC Global Limited	Hong Kong	Investment activities	6,338	6,338	7,494,642	100.00 %	6,398	(617)	(617)	Note 1
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	306,178	103,278	67,131	"
"	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	9,830	-	- %	-	(2,879)	(839)	"
PChome eBay Co., Ltd.	PChome Store Inc.	Taiwan	Internet services	889,919	632,258	75,500,018	100.00 %	19,379	15,893	27,117	Note 1
"	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronic information	9,153	9,153	3,300,000	100.00 %	8,824	(591)	(591)	"
"	21st Century Technology Co., Ltd.	Taiwan	Financial Technology Services	224,592	224,592	778,131	1.41 %	31,988	214,617	3,026	Notes 1&2
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	2,357	(1,209)	(1,209)	Note 1
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Hong Kong	Information service and indirect investment activities	25,140	25,140	5,641,239	100.00 %	6,566	(227)	(227)	"
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,043,763	38,335,000	100.00 %	17,948	4,664	4,664	"
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	-	37,580	-	- %	-	(56)	(56)	"
"	PChome Store Inc.	Taiwan	Internet services	-	998,758	-	- %	-	15,893	(3,101)	"
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	139,582	(1,469)	(1,469)	"
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	89,413	19,367	19,367	"
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	82,706	19,773	19,773	"
YunTan technology Inc.	Einsure insurance broker Inc.	Taiwan	Insurance brokers	75,000	38,600	7,500,000	100.00 %	24,547	(12,487)	(12,487)	"
21st Century Technology Co., Ltd.	Pi Mobile Technology Inc.	"	Online payment processing services	133,206	133,206	2,441,860	5.25 %	11,385	(44,177)	(2,319)	"
"	21st Financial Technology Co., Ltd	Cayman Islands	Investment activities	1,468,741	1,468,741	51,167,407	100.00 %	1,879,367	286,941	286,941	"
"	Cherri Tech, Inc.	Taiwan	Financial technology services and indirect investment activities	2,155,114	2,155,114	2,136,310	100.00 %	1,742,662	(30,522)	(47,774)	Notes 1&2

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
21st Financial Technology Co., Ltd.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	6,438	6,438	43,819,006	94.24 %	204,365	(44,177)	(41,632)	Note 1
"	21st Century Digital Technology Co., Ltd.	"	Financial Technology Services	39,161	39,161	120,100,000	100.00 %	1,675,001	328,573	328,573	"
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	"	Travel agency business	6,000	6,000	600,000	100.00 %	4,080	(127)	(127)	"
"	Lianju Asset Management Co., Ltd.	"	Financial Institution Creditor's Right(Money) Purchase	3,000	-	300,000	100.00 %	2,894	(106)	(106)	"
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic payment business	349,388	710,388	10,000,000	100.00 %	80,256	(18,285)	(18,285)	"
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,490	(8)	(8)	"
Cherri Tech, Inc.	Japan Cherri KK	Japan	Financial Technology Services	11,135	8,283	1,600	80.00 %	5,699	(6,102)	(4,263)	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: Investment gains and losses recognized for the period include the amortization of investment premiums.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China: None.
2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
-	62,300	5,296,517

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 32.28 at the nine months ended September 30, 2023.

Note 2: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

Note 3: Shanghai Todo Inc. and PChome Trading (Shenzhen) Ltd. were dissolved in the fourth quarter of 2019. As of September 30, 2023, the accumulated investment amount of USD500 thousand remitted from Taiwan has not been repatriated.

3. Significant transactions: None.

(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	
	Shares	Percentage
SITE INC.	18,907,864	13.11 %
LGT Bank (Singapore) Investment Fund under the Custody of Standard Chartered	7,809,800	5.41 %

Note: (1) The information on major shareholders is based on the number of ordinary shares and special shares held by shareholders with ownership of 5% or more that have been issued without physical registration (including treasury shares) by the Company as of September 30, 2023. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration due to different preparation basis.

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- (2) Regarding the above matter, if the shareholders deliver the shares to the trust company, those shares will be disclosed by the trustee who opened the trust account separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The information of insider trading would be available at the Market Observation Post System website.

**(14) Segment Information**

The Group's regional financial information was as follows:

<u>For the three months ended September 30, 2023</u>	<u>E-Commerce- Sales</u>	<u>Market Place</u>	<u>Fintech</u>	<u>Other segment</u>	<u>Adjustments and Eliminations</u>	<u>Others</u>	<u>Consolidated</u>
<b>Revenue:</b>							
Non-inter-company revenue	\$ 8,907,812	223,649	384,004	190,427	-	-	9,705,892
Inter-company revenue	(452)	34,053	29,831	138,651	(202,083)	-	-
<b>Total Revenue</b>	<b>\$ 8,907,360</b>	<b>257,702</b>	<b>413,835</b>	<b>329,078</b>	<b>(202,083)</b>	<b>-</b>	<b>9,705,892</b>
<b>Reportable Segment net operating (loss) income</b>	<b>\$ (178,580)</b>	<b>15,999</b>	<b>31,410</b>	<b>(9,808)</b>	<b>(5,081)</b>	<b>(15,194)</b>	<b>(161,254)</b>
<u>For the three months ended September 30, 2022</u>							
<b>Revenue:</b>							
Non-inter-company revenue	\$ 9,241,698	271,953	307,625	192,375	-	-	10,013,651
Inter-company revenue	(4,867)	57,746	67,883	117,093	(237,855)	-	-
<b>Total Revenue</b>	<b>\$ 9,236,831</b>	<b>329,699</b>	<b>375,508</b>	<b>309,468</b>	<b>(237,855)</b>	<b>-</b>	<b>10,013,651</b>
<b>Reportable Segment net operating (loss) income</b>	<b>\$ (12,922)</b>	<b>13,995</b>	<b>48,286</b>	<b>(25,112)</b>	<b>5,355</b>	<b>(18,751)</b>	<b>10,851</b>
<u>For the nine months ended September 30, 2023</u>							
<b>Revenue:</b>							
Non-inter-company revenue	\$ 26,539,449	686,527	1,095,565	561,820	-	-	28,883,361
Inter-company revenue	11,166	118,400	87,396	377,618	(594,580)	-	-
<b>Total Revenue</b>	<b>\$ 26,550,615</b>	<b>804,927</b>	<b>1,182,961</b>	<b>939,438</b>	<b>(594,580)</b>	<b>-</b>	<b>28,883,361</b>
<b>Reportable Segment net operating (loss) income</b>	<b>\$ (498,020)</b>	<b>43,266</b>	<b>134,019</b>	<b>(40,226)</b>	<b>(14,127)</b>	<b>(45,582)</b>	<b>(420,670)</b>
<u>For the nine months ended September 30, 2022</u>							
<b>Revenue:</b>							
Non-inter-company revenue	\$ 30,597,036	935,185	846,162	524,561	-	-	32,902,944
Inter-company revenue	15,689	110,251	149,590	308,109	(583,639)	-	-
<b>Total Revenue</b>	<b>\$ 30,612,725</b>	<b>1,045,436</b>	<b>995,752</b>	<b>832,670</b>	<b>(583,639)</b>	<b>-</b>	<b>32,902,944</b>
<b>Reportable Segment net operating (loss) income</b>	<b>\$ (34,572)</b>	<b>63,248</b>	<b>44,753</b>	<b>(104,671)</b>	<b>7,814</b>	<b>(48,250)</b>	<b>(71,678)</b>