

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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

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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, 2024 and 2023, and the consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2024 and 2023, changes in equity and cash flows for the nine months ended September 30, 2024 and 2023 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 \$3,211,616 thousand and \$1,617,772 thousand, each constituting 12% and 6% of the consolidated total assets as of September 30, 2024 and 2023, respectively; the total liabilities amounting to \$2,023,435 thousand and \$679,291 thousand, each constituting 11% and 4% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively, and the total comprehensive loss amounting to \$19,464 thousand, \$56,552 thousand, \$107,567 thousand and \$150,932 thousand, constituting 10%, 46%, 29% and 87% of the consolidated total comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$258,428 thousand and \$271,091 thousand as of September 30, 2024 and 2023, respectively, and its share of gain or loss of associates and joint ventures accounted for using equity method on these investee companies of loss \$734 thousand, gain \$4,446 thousand, gain \$1,775 thousand and gain \$8,442 thousand for the three months and the nine months ended September 30, 2024 and 2023, 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, 2024 and 2023, 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 Chen, Yi-Chun and Lien, Shu-Ling.

KPMG

Taipei, Taiwan (Republic of China)

November 13, 2024

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, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

| ASSETS | | 2024.9.30 | | 2023.12.31 | | 2023.9.30 | | LIABILITIES AND STOCKHOLDERS' EQUITY | | 2024.9.30 | | 2023.12.31 | | 2023.9.30 | |
|----------------------------|---|----------------------|------------|-------------------|------------|-------------------|------------|--------------------------------------|---|----------------------|------------|-------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current Assets: | | | | | | | | | | | | | | | |
| 1100 | Cash and cash equivalents (Note (6)(a)) | \$ 4,540,711 | 17 | 4,263,320 | 16 | 4,959,416 | 18 | 2100 | Short-term borrowings (Notes (6)(m) and (7)) | \$ 2,722,849 | 10 | 2,955,017 | 11 | 2,896,697 | 10 |
| 1170 | Accounts and notes receivable, net (Notes (6)(d) and (7)) | 3,198,310 | 12 | 3,378,874 | 12 | 3,315,217 | 12 | 2130 | Current contract liabilities (Note (6)(v)) | 575,041 | 2 | 519,984 | 2 | 526,217 | 2 |
| 1200 | Other receivables, net (Notes (6)(d) and (7)) | 1,650,408 | 6 | 1,574,788 | 6 | 1,359,254 | 5 | 2170 | Accounts and notes payable | 3,089,119 | 12 | 3,171,460 | 11 | 3,506,592 | 13 |
| 1300 | Inventories (Note (6)(e)) | 1,451,081 | 6 | 1,753,164 | 6 | 1,325,083 | 5 | 2200 | Other payables (Note (7)) | 1,227,827 | 4 | 1,313,941 | 4 | 1,128,741 | 4 |
| 1476 | Other current financial assets (Notes (6)(l) and (8)) | 856,901 | 3 | 1,258,199 | 5 | 1,515,460 | 5 | 2230 | Current tax liabilities | 124,031 | - | 170,017 | 1 | 115,892 | - |
| 1479 | Other current assets, others | 333,950 | 1 | 369,557 | 1 | 458,329 | 2 | 2280 | Current lease liabilities (Note (6)(q)) | 480,178 | 2 | 550,664 | 2 | 554,117 | 2 |
| | | <u>12,031,361</u> | <u>45</u> | <u>12,597,902</u> | <u>46</u> | <u>12,932,759</u> | <u>47</u> | 2300 | Other current liabilities (Note (6)(n)) | 2,169,705 | 9 | 2,230,751 | 8 | 2,187,488 | 8 |
| | | | | | | | | 2320 | Long-term liabilities, current portion | 825,573 | 3 | 428,944 | 2 | 1,660,949 | 6 |
| | | | | | | | | | (Notes (6)(o), (p) and (7)) | | | | | | |
| | | | | | | | | | | <u>11,214,323</u> | <u>42</u> | <u>11,340,778</u> | <u>41</u> | <u>12,576,693</u> | <u>45</u> |
| Non-Current Assets: | | | | | | | | | | | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (Note (6)(b)) | 460,714 | 2 | 429,999 | 1 | 433,237 | 1 | | Non-Current liabilities: | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note (6)(c)) | 735,161 | 3 | 859,583 | 3 | 851,873 | 3 | 2540 | Long-term borrowings (Notes (6)(o) and (7)) | 3,516,087 | 13 | 3,315,803 | 13 | 1,849,975 | 7 |
| 1550 | Investments accounted for using equity method (Note (6)(f)) | 258,428 | 1 | 274,872 | 1 | 271,091 | 1 | 2570 | Deferred tax liabilities (Note (6)(r)) | 9,911 | - | 10,954 | - | 15,707 | - |
| 1600 | Property, plant and equipment (Note (6)(i)) | 1,945,866 | 7 | 1,591,822 | 6 | 1,556,252 | 6 | 2580 | Non-current lease liabilities (Note (6)(q)) | 3,788,832 | 14 | 4,128,727 | 15 | 4,246,886 | 16 |
| 1755 | Right-of-use assets (Note (6)(j)) | 3,848,331 | 15 | 4,518,139 | 16 | 4,672,034 | 17 | 2612 | Long-term accounts payable | - | - | 84,735 | - | 84,734 | - |
| 1780 | Intangible assets (Note (6)(k)) | 5,656,395 | 21 | 5,702,263 | 21 | 5,734,154 | 21 | 2670 | Other non-current liabilities, others | 32,265 | - | 21,084 | - | 17,578 | - |
| 1840 | Deferred tax assets (Note (6)(r)) | 283,814 | 1 | 218,846 | 1 | 201,099 | 1 | | Total liabilities | <u>7,347,095</u> | <u>27</u> | <u>7,561,303</u> | <u>28</u> | <u>6,214,880</u> | <u>23</u> |
| 1930 | Long-term notes and accounts receivable (Note (6)(d)) | 891,200 | 3 | 687,517 | 3 | 637,644 | 2 | | | <u>18,561,418</u> | <u>69</u> | <u>18,902,081</u> | <u>69</u> | <u>18,791,573</u> | <u>68</u> |
| 1980 | Other non-current financial assets (Notes (6)(l) and (8)) | 553,663 | 2 | 509,679 | 2 | 265,590 | 1 | 3110 | Equity attributable to owners of parent (Note (6)(s)): | | | | | | |
| 1990 | Other non-current assets, others | 78,131 | - | 64,918 | - | 63,369 | - | 3200 | Ordinary share | 1,439,529 | 5 | 1,439,529 | 5 | 1,441,629 | 5 |
| | | <u>14,711,703</u> | <u>55</u> | <u>14,857,638</u> | <u>54</u> | <u>14,686,343</u> | <u>53</u> | 3400 | Capital surplus | 5,053,012 | 19 | 5,560,918 | 20 | 5,574,478 | 20 |
| | | | | | | | | 3500 | Retained earnings | (352,172) | (1) | (503,683) | (2) | (205,788) | - |
| | | | | | | | | 36XX | Other equity interest | 73,730 | - | 211,032 | 1 | 215,413 | 1 |
| | | | | | | | | | Treasury shares | (210,502) | (1) | (210,502) | (1) | (210,502) | (1) |
| | | | | | | | | | Total equity attributable to owners of parent: | <u>6,003,597</u> | <u>22</u> | <u>6,497,294</u> | <u>23</u> | <u>6,815,230</u> | <u>25</u> |
| | | | | | | | | | Non-controlling interests (Notes (6)(h) and (s)) | <u>2,178,049</u> | <u>9</u> | <u>2,056,165</u> | <u>8</u> | <u>2,012,299</u> | <u>7</u> |
| | | | | | | | | | Total equity | <u>8,181,646</u> | <u>31</u> | <u>8,553,459</u> | <u>31</u> | <u>8,827,529</u> | <u>32</u> |
| Total assets | | <u>\$ 26,743,064</u> | <u>100</u> | <u>27,455,540</u> | <u>100</u> | <u>27,619,102</u> | <u>100</u> | | Total liabilities and equity | <u>\$ 26,743,064</u> | <u>100</u> | <u>27,455,540</u> | <u>100</u> | <u>27,619,102</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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

| | For the three months ended September 30, | | | | For the nine months ended September 30, | | | | |
|------|--|---------------------|------------|------------------|---|-------------------|------------|-------------------|------------|
| | 2024 | | 2023 | | 2024 | | 2023 | | |
| | Amount | % | Amount | % | Amount | % | Amount | % | |
| 4111 | Sales revenue | \$ 8,575,859 | 101 | 9,712,393 | 101 | 26,904,496 | 101 | 29,227,228 | 101 |
| 4170 | Less: Sales returns | 124,933 | 1 | 108,065 | 1 | 349,449 | 1 | 343,867 | 1 |
| | Operating revenue, net (Notes (6)(v) and (7)) | 8,450,926 | 100 | 9,604,328 | 100 | 26,555,047 | 100 | 28,883,361 | 100 |
| 5000 | Operating costs (Notes (6)(e) and (7)) | 7,262,027 | 86 | 8,520,225 | 89 | 22,939,765 | 87 | 25,334,506 | 88 |
| | Gross profit from operations | 1,188,899 | 14 | 1,084,103 | 11 | 3,615,282 | 13 | 3,548,855 | 12 |
| | Operating expenses: | | | | | | | | |
| 6100 | Selling expenses | 858,338 | 10 | 893,449 | 10 | 2,459,370 | 9 | 2,719,457 | 9 |
| 6200 | Administrative expenses | 167,149 | 2 | 204,710 | 2 | 498,322 | 2 | 539,972 | 2 |
| 6300 | Research and development expenses | 132,172 | 2 | 136,943 | 1 | 409,865 | 2 | 422,010 | 2 |
| 6450 | Expected credit loss (Note (6)(d)) | 127,030 | 1 | 111,819 | 1 | 390,676 | 1 | 288,086 | 1 |
| | Total operating expenses | 1,284,689 | 15 | 1,346,921 | 14 | 3,758,233 | 14 | 3,969,525 | 14 |
| | Net operating loss | (95,790) | (1) | (262,818) | (3) | (142,951) | (1) | (420,670) | (2) |
| | Non-operating income and expenses (Note (6)(x)): | | | | | | | | |
| 7100 | Interest income | 9,163 | - | 12,225 | - | 32,962 | - | 39,615 | - |
| 7010 | Other income | 35,659 | - | 214,190 | 1 | 130,935 | - | 262,877 | 1 |
| 7020 | Other gains and losses, net | (778) | - | (19,013) | - | (19,128) | - | 8,261 | - |
| 7050 | Finance costs | (39,850) | - | (35,148) | - | (123,067) | - | (113,599) | - |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method, net | (734) | - | 4,446 | - | 1,775 | - | 8,442 | - |
| | Total non-operating income and expenses | 3,460 | - | 176,700 | 1 | 23,477 | - | 205,596 | 1 |
| | Loss from continuing operations before tax | (92,330) | (1) | (86,118) | (2) | (119,474) | (1) | (215,074) | (1) |
| 7950 | Less: Tax expense (Note (6)(r)) | 28,081 | - | 26,792 | - | 101,393 | - | 35,858 | - |
| | Loss | (120,411) | (1) | (112,910) | (2) | (220,867) | (1) | (250,932) | (1) |
| | Other comprehensive income (loss): | | | | | | | | |
| 8310 | Items that may not be reclassified subsequently to profit or loss | | | | | | | | |
| 8311 | Losses on remeasurements of defined benefit plans | - | - | - | - | - | - | (253) | - |
| 8316 | Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(y)) | (73,602) | (1) | (6,737) | - | (160,077) | (1) | 94,782 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| | Items that may not be reclassified subsequently to profit or loss | (73,602) | (1) | (6,737) | - | (160,077) | (1) | 94,529 | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | | | | |
| 8361 | Exchange differences on translation of foreign statements | 4,696 | - | (4,476) | - | 4,779 | - | (16,601) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| | Items that may be reclassified subsequently to profit or loss | 4,696 | - | (4,476) | - | 4,779 | - | (16,601) | - |
| | Other comprehensive income (loss), net of tax | (68,906) | (1) | (11,213) | - | (155,298) | (1) | 77,928 | - |
| 8500 | Total comprehensive income (loss) | \$ (189,317) | (2) | (124,123) | (2) | (376,165) | (2) | (173,004) | (1) |
| | (Loss) Profit attributable to: | | | | | | | | |
| 8610 | Loss attributable to owners of parent | \$ (171,006) | (2) | (155,220) | (2) | (352,172) | (1) | (362,356) | (1) |
| 8620 | Profit, attributable to non-controlling interests | 50,595 | 1 | 42,310 | - | 131,305 | - | 111,424 | - |
| | | \$ (120,411) | (1) | (112,910) | (2) | (220,867) | (1) | (250,932) | (1) |
| | Comprehensive income attributable to: | | | | | | | | |
| 8710 | Comprehensive loss, attributable to owners of parent | \$ (232,738) | (3) | (171,005) | (1) | (489,474) | (2) | (286,147) | (1) |
| 8720 | Comprehensive income, attributable to non-controlling interests | 43,421 | 1 | 46,882 | - | 113,309 | - | 113,143 | - |
| | | \$ (189,317) | (2) | (124,123) | (1) | (376,165) | (2) | (173,004) | (1) |
| | Earnings per share (Note (6)(u)) | | | | | | | | |
| 9750 | Basic earnings per share (NT dollars) | \$ (1.21) | | (1.16) | | (2.49) | | (2.82) | |

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, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of Parent | | | | | | | | | | | | |
|---|---|--------------------|------------------|--|---|--|--------------------------------------|-----------------------|------------------|------------------|---|------------------------------|--------------|
| | Share capital | | | | Retained Earnings | | | Other Equity Interest | | | Total Equity Attributable to Owners of Parent | Non-Controlling Interests | Total Equity |
| | Ordinary Capital | Capital Surplus | Legal Reserve | Unappropriated 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 | | | | | |
| Balance at January 1, 2023 | \$ 1,281,629 | 5,011,096 | 54,113 | 94,880 | (9,252) | 156,045 | (41) | (210,502) | 6,377,968 | 2,062,194 | | | |
| (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) | - | - | - | - | - | | |
| Balance at September 30, 2023 | \$ 1,441,629 | 5,574,478 | 54,113 | (259,901) | (25,415) | 240,842 | (14) | (210,502) | 6,815,230 | 2,012,299 | 8,827,529 | | |
| Balance at January 1, 2024 | \$ 1,439,529 | 5,560,918 | 54,113 | (557,796) | (26,794) | 237,826 | - | (210,502) | 6,497,294 | 2,056,165 | 8,553,459 | | |
| (Loss) Profit for the nine months ended September 30, 2024 | - | - | - | (352,172) | - | - | - | - | (352,172) | 131,305 | (220,867) | | |
| Other comprehensive (loss) income for the nine months ended September 30, 2024 | - | - | - | - | 3,693 | (140,995) | - | - | (137,302) | (17,996) | (155,298) | | |
| Total comprehensive (loss) income for the nine months ended September 30, 2024 | - | - | - | (352,172) | 3,693 | (140,995) | - | - | (489,474) | 113,309 | (376,165) | | |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve used to offset accumulated deficit | - | - | (54,113) | 54,113 | - | - | - | - | - | - | - | | |
| Other changes in capital surplus: | | | | | | | | | | | | | |
| Capital surplus used to offset accumulated deficit | - | (503,683) | - | 503,683 | - | - | - | - | - | - | - | | |
| Changes in ownership interests in subsidiaries | - | (4,223) | - | - | - | - | - | - | (4,223) | (3,106) | (7,329) | | |
| Share-based payment transactions | - | - | - | - | - | - | - | - | - | 13,997 | 13,997 | | |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | (2,316) | (2,316) | | |
| Balance at September 30, 2024 | \$ 1,439,529 | 5,053,012 | - | (352,172) | (23,101) | 96,831 | - | (210,502) | 6,003,597 | 2,178,049 | 8,181,646 | | |

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

| | For the nine months ended September 30, | |
|---|--|--------------------|
| | 2024 | 2023 |
| Cash flows from operating activities: | | |
| Loss before tax | \$ (119,474) | (215,074) |
| Adjustments: | | |
| Adjustments to reconcile profit: | | |
| Depreciation expenses | 621,391 | 664,767 |
| Amortization expenses | 90,055 | 95,171 |
| Expected credit losses | 390,676 | 288,086 |
| Interest expenses | 123,067 | 113,599 |
| Interest income | (32,962) | (39,615) |
| Dividend income | (3,877) | (2,581) |
| Share-based payment transactions | 13,997 | 32,131 |
| Shares of profit of associates and joint ventures accounted for using equity method | (1,775) | (8,442) |
| Gain on disposal of property, plant and equipment and intangible assets | (652) | (7,450) |
| Loss on disposal of intangible assets | - | 180 |
| Gain on disposal of investments accounted for using equity method | - | (4,497) |
| Gain on lease modification | (291) | (28,791) |
| Total adjustments to reconcile profit | <u>1,199,629</u> | <u>1,102,558</u> |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Accounts and notes receivable | (339,959) | (338,888) |
| Other receivables | 104,639 | (64,445) |
| Inventories | 302,083 | 658,100 |
| Other current assets | 37,654 | 25,051 |
| Other financial assets | 25,651 | (47,579) |
| Total changes in operating assets | <u>130,068</u> | <u>232,239</u> |
| Changes in operating liabilities: | | |
| Contract liabilities | 55,057 | (29,650) |
| Accounts and notes payable | (82,341) | (404,402) |
| Other payables | (324,969) | (137,587) |
| Other current liabilities | 253,863 | (89,917) |
| Other non-current liabilities | 11,181 | 2,189 |
| Total changes in operating liabilities | <u>(87,209)</u> | <u>(659,367)</u> |
| Total changes in operating assets and liabilities | <u>42,859</u> | <u>(427,128)</u> |
| Total adjustments | <u>1,242,488</u> | <u>675,430</u> |
| Cash flow from operations | 1,123,014 | 460,356 |
| Interest received | 28,098 | 32,352 |
| Dividends received | 21,931 | 9,904 |
| Interest paid | (122,049) | (107,110) |
| Income taxes paid | (204,345) | (159,581) |
| Net cash flows from operating activities | <u>846,649</u> | <u>235,921</u> |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (35,655) | - |
| 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 | (30,715) | (11,835) |
| 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 | (568,982) | (708,331) |
| Proceeds from disposal of property, plant and equipment | 1,558 | 11,502 |
| Acquisition of intangible assets | (37,129) | (5,842) |
| Other financial assets | 331,663 | (359,234) |
| Other non-current assets | (14,673) | (7,079) |
| Other payables | (152,659) | (534,523) |
| Net cash flows used in investing activities | <u>(506,592)</u> | <u>(1,634,380)</u> |
| Cash flows from (used in) financing activities: | | |
| Decrease in short-term borrowings | (232,168) | (465,758) |
| Increase in long-term borrowings | 2,113,705 | 281,468 |
| Repayments of long-term borrowings | (1,516,792) | (396,051) |
| Payments of lease liabilities | (421,968) | (432,114) |
| Capital increase by cash | - | 638,813 |
| Change in non-controlling interests | (2,316) | (118,983) |
| Net cash flows used in financing activities | <u>(59,539)</u> | <u>(492,625)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(3,127)</u> | <u>693</u> |
| Net increase (decrease) in cash and cash equivalents | <u>277,391</u> | <u>(1,890,391)</u> |
| Cash and cash equivalents at beginning of period | <u>4,263,320</u> | <u>6,849,807</u> |
| Cash and cash equivalents at end of period | <u>\$ 4,540,711</u> | <u>4,959,416</u> |

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

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PCHOME ONLINE INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

(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 Taipei Exchange 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, 2024.

(3) New Standards and Interpretations Not Yet Adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- 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"

- (b) The impact of IFRS endorsed 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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| <u>Standards or Interpretations</u> | <u>Content of amendment</u> | <u>Effective date per IASB</u> |
|---|---|--------------------------------|
| IFRS 18 “Presentation and Disclosure in Financial Statements” | <p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none">• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | January 1, 2027 |

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

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material 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, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Note |
|------------------|--------------------|---|--------------|------------|-----------|--------|
| | | | 2024.9.30 | 2023.12.31 | 2023.9.30 | |
| The Company | Linktel Inc. | Type II Telecommunications Business | 100.00 % | 100.00 % | 100.00 % | Note 1 |

(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 |
|-----------------------|--|--|--------------|------------|-----------|------------|
| | | | 2024.9.30 | 2023.12.31 | 2023.9.30 | |
| The Company | 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 % | " |
| " | PChome Travel Inc. | Travel agency business | 100.00 % | 100.00 % | 100.00 % | " |
| " | PChome Financial Technology Inc. | Information service | 100.00 % | 100.00 % | 100.00 % | Notes 1&12 |
| " | PChome Holding Inc. | Investment activities | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PChome Express Co., Ltd. | Transportation and logistics | 100.00 % | 100.00 % | 100.00 % | " |
| " | 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 | 65.23 % | 65.23 % | 70.00 % | Notes 1&2 |
| " | Mitch Co., Ltd. | Clothing sales | 100.00 % | 100.00 % | 100.00 % | Notes 1 |
| " | YunTan technology Inc. | Information processing and provision of electronic information | 59.94 % | 59.94 % | 59.94 % | Notes 1&3 |
| " | 21st Century Technology Co., Ltd. | Financial technology services | - % | 43.63 % | 43.63 % | Note 4 |
| " | 21st Financial Technology Co., Ltd | " | 43.66 % | - % | - % | " |
| " | 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 % | 100.00 % | " |
| " | EC Global Limited | Investment activities | 100.00 % | 100.00 % | 100.00 % | " |
| " | PChome eBay Co., Ltd. | Information processing and provision of electronic information | 65.00 % | 65.00 % | 65.00 % | |
| PChome eBay Co., Ltd. | PChome Store Inc. | Internet services | 100.00 % | 100.00 % | 100.00 % | |
| " | ECOSMOS PTE. LTD. | Information processing and provision of electronic information | 100.00 % | 100.00 % | 100.00 % | Note 1 |

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

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Note |
|---|---|--|--------------|------------|-----------|-------------|
| | | | 2024.9.30 | 2023.12.31 | 2023.9.30 | |
| PChome eBay Co., Ltd. | 21st Century Technology Co., Ltd. | Financial technology services | - % | 1.41 % | 1.41 % | Note 4 |
| " | 21st Financial Technology Co., Ltd | " | 1.41 % | - % | - % | " |
| PC HOME ONLINE INTERNATIONAL CO., LTD. | PCHOME ONLINE INC. | International trade and investment activities | - % | 100.00 % | 100.00 % | Notes 1&5 |
| " | PC HOME ONLINE (HK) LTD. | Information service and indirect investment activities | 100.00 % | - % | - % | " |
| PCHOME ONLINE INC. | PC HOME ONLINE (HK) LTD. | Information service and indirect investment activities | - % | 100.00 % | 100.00 % | Notes 1&5 |
| PChome Holding Inc. | PChome Marketplace Inc. | Investment activities | - % | 100.00 % | 100.00 % | Note 6 |
| PChome CB Co., Ltd. | PChome CBS Co., Ltd. | Internet services | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PCHOME CB PTE. LTD. | " | 100.00 % | 100.00 % | 100.00 % | " |
| " | Air Supply Logistic Co., Ltd. | Transportation and logistics | 100.00 % | 100.00 % | - % | Notes 1&7 |
| 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 % | Note 1 |
| 21st Century Technology Co., Ltd. | 21st Financial Technology Co., Ltd | Investment activities | - % | 100.00 % | 100.00 % | Note 4 |
| " | Pi Mobile Technology Inc. | Online payment processing services | - % | 5.25 % | 5.25 % | Note 1&4 |
| " | Cherri Tech, Inc. | Financial technology services and indirect investment activities | - % | 100.00 % | 100.00 % | Note 4 |
| 21st Financial Technology Co., Ltd | 21st Century Digital Technology Co., Ltd. | Financial technology services | 100.00 % | 100.00 % | 100.00 % | |
| " | Pi Mobile Technology Inc. | Online payment processing services | 99.49 % | 94.24 % | 94.24 % | Notes 1、4&8 |
| " | Cherri Tech, Inc. | Financial technology services and indirect investment activities | 100.00 % | - % | - % | Note 4 |
| " | 21st Fintech Technology Co., Ltd.(JP) | " | 100.00 % | - % | - % | Note11 |
| 21st Century Digital Technology Co., Ltd. | FAN7 TOUR CO., LTD. | Travel agency business | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | Lianju Asset Management Co., Ltd. | Financial Institution Creditor's Right (Money) Purchase | 100.00 % | 100.00 % | 100.00 % | " |

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

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Note |
|---------------------------|--------------------------------------|------------------------------------|--------------|------------|-----------|-----------|
| | | | 2024.9.30 | 2023.12.31 | 2023.9.30 | |
| Pi Mobile Technology Inc. | Pay and Link Inc. | Electronic payment business | 100.00 % | 100.00 % | 100.00 % | Note 1&13 |
| " | Yun Tung Bao International Co., Ltd. | Online payment processing services | - % | 100.00 % | 100.00 % | Note 9 |
| Cherri Tech, Inc. | Japan Cherri KK | Financial technology services | 90.00 % | 80.00 % | 80.00 % | Note 10 |

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

Note 2: PChome CB Co., Ltd. issued shares for the exercise of employee stock options in October, 2023, resulting in a decrease in the Company's shareholding ratio from 70% to 65.23%.

Note 3: 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%.

Note 4: In order to integrate the resources of the Group, the investment structure within the Group was restructured. On October 21, 2022, merger resolutions were approved by shareholders' meeting of 21st Century Technology Co., Ltd. and 21st Financial Technology Co., Ltd., with 21st Financial Technology Co., Ltd. as the surviving company and 21st Century Technology Co., Ltd. as the dissolved company. From the effective date, 21st Financial technology Co., Ltd, the surviving company, assumes all the assets, rights, liabilities and obligations of 21st Century Technology Co., Ltd. After effective date of merger, the Company's shareholding ratio in 21st Financial Technology Co., Ltd. was 43.66%.

Note 5: PCHOME ONLINC INC. was dissolved and liquidated on March 15, 2024 due to organization adjustment and the Group's strategy.

Note 6: PChome Marketplace Inc. was dissolved and liquidated on June 24, 2024 due to organization adjustment and the Group's strategy.

Note 7: The subsidiary was established on November 23, 2023.

Note 8: 21st Financial Technology Co., Ltd. assumed 5.25% of the shares of Pi Mobile Technology Inc. held by 21st Century Technology Co., Ltd. from February 16, 2024, the effective date of merger, increasing its shareholding ratio to 99.49%.

Note 9: The subsidiary was dissolved and liquidated on September 11, 2024.

Note 10: Cherri Tech, Inc. increased its shareholding from 80% to 90% by cash capital increase in Japan Cherri KK pursuant to the resolution of the Board of Directors on September 2, 2024.

Note 11: The subsidiary was established on August 7, 2024.

Note 12: The subsidiary was dissolved on September 14, 2023.

Note 13: The subsidiary was dissolved on September 23, 2024.

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

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(d) 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.

(e) 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.

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

(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, 2023.

(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 2023 consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|---|---------------------|-------------------|------------------|
| Cash on hand | \$ 1,279 | 2,174 | 9,655 |
| Checking accounts | 30,955 | 39,909 | 68,970 |
| Savings accounts | 3,854,343 | 3,397,964 | 3,849,589 |
| Foreign currency deposits | 41,015 | 36,048 | 40,293 |
| Time deposits | 608,762 | 753,983 | 919,116 |
| Cash equivalents | <u>4,357</u> | <u>33,242</u> | <u>71,793</u> |
| Cash and cash equivalents in consolidated statement of cash flows | <u>\$ 4,540,711</u> | <u>4,263,320</u> | <u>4,959,416</u> |

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

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--|-------------------|-------------------|------------------|
| Mandatorily measured at fair value through profit or loss: | | | |
| Preferred stocks | \$ 373,618 | 342,903 | 401,909 |
| Foreign convertible bonds | <u>87,096</u> | <u>87,096</u> | <u>31,328</u> |
| Total | <u>\$ 460,714</u> | <u>429,999</u> | <u>433,237</u> |

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

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. Relevant information for the price risk please refer to Note (6)(y).
4. Abovementioned 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>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|---|-------------------|-------------------|------------------|
| Equity instruments at fair value through other comprehensive income | | | |
| Stocks unlisted on domestic and foreign markets | \$ <u>735,161</u> | <u>859,583</u> | <u>851,873</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 relevant information about preferred stocks and foreign convertible bonds that are held by the Group, please refer to Note (6)(b).
3. For the market price risk, please refer to Note (6)(y). For the credit risk and the market risk, please refer to Note (6)(z).
4. 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 retained earnings.
5. Abovementioned financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

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

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--|---------------------|-------------------|------------------|
| Notes receivable-measured as amortized cost | \$ 340 | 41 | 1,602 |
| Trade receivable-measured as amortized cost | 2,006,380 | 2,466,778 | 2,903,869 |
| Trade receivable-fair value through other comprehensive income | 2,951,106 | 2,574,996 | 1,943,355 |
| Other receivables-measured as amortized cost | 1,418,844 | 1,478,163 | 1,273,743 |
| Finance lease receivable-Rental fee | 218,595 | 4,808 | 5,647 |
| Finance lease receivable-Goods | 101,050 | 100,163 | 86,510 |
| Less: Allowance for impairment losses | (139,365) | (138,480) | (110,543) |
| Less: Unrealized interest revenue | (817,032) | (845,290) | (792,068) |
| | <u>\$ 5,739,918</u> | <u>5,641,179</u> | <u>5,312,115</u> |
| Current | \$ 4,848,718 | 4,953,662 | 4,674,471 |
| Non-current | 891,200 | 687,517 | 637,644 |
| | <u>\$ 5,739,918</u> | <u>5,641,179</u> | <u>5,312,115</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>2024.9.30</u> | | |
|-----------------------------|------------------------------|-----------------------------------|---|
| | <u>Gross carrying amount</u> | <u>Weighted-average loss rate</u> | <u>Allowance for expected credit losses</u> |
| Current | \$ 2,104,786 | 0.00003% | 9 |
| Less than 180 days past due | 21,287 | 10% | 19 |
| Over 181 days past due | 8,168 | 25%~100% | 7,975 |
| | <u>\$ 2,134,241</u> | | <u>8,003</u> |
| | <u>2023.12.31</u> | | |
| | <u>Gross carrying amount</u> | <u>Weighted-average loss rate</u> | <u>Allowance for expected credit losses</u> |
| Current | \$ 2,100,971 | 0.00005%~0.169% | 22 |
| Less than 180 days past due | 8,265 | 10% | 455 |
| Over 181 days past due | 13,783 | 25%~100% | 7,727 |
| | <u>\$ 2,123,019</u> | | <u>8,204</u> |

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

| | 2023.9.30 | | |
|-----------------------------|------------------------------|-----------------------------------|---|
| | Gross carrying amount | Weighted-average loss rate | Allowance for expected credit losses |
| Current | \$ 1,922,699 | 0.00026%~0.002% | 21 |
| Less than 180 days past due | 20,682 | 10%~45.12% | 402 |
| Over 181 days past due | 18,335 | 25%~100% | 7,331 |
| | \$ 1,961,716 | | 7,754 |

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

| | 2024.9.30 | | |
|-----------------------------|------------------------------|-----------------------------------|---|
| | Gross carrying amount | Weighted-average loss rate | Allowance for expected credit losses |
| Current | \$ 3,304,829 | 0%~2.26% | 71,632 |
| Less than 180 days past due | 399,178 | 2.26%~88.79% | 28,232 |
| Over 181 days past due | 41,035 | 12.82%~100% | 31,498 |
| | \$ 3,745,042 | | 131,362 |

| | 2023.12.31 | | |
|-----------------------------|------------------------------|-----------------------------------|---|
| | Gross carrying amount | Weighted-average loss rate | Allowance for expected credit losses |
| Current | \$ 3,168,197 | 0%~2.26% | 69,456 |
| Less than 180 days past due | 448,062 | 2.26%~88.79% | 29,511 |
| Over 181 days past due | 40,381 | 12.82%~100% | 31,309 |
| | \$ 3,656,640 | | 130,276 |

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

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The movement in the allowance for notes and trade receivable, other receivables and long-term receivables was as follows:

| | <u>For the nine months ended September 30,</u> | |
|------------------------------|--|----------------|
| | <u>2024</u> | <u>2023</u> |
| Balance at January 1 | \$ 138,480 | 107,815 |
| Impairment losses recognized | 390,676 | 288,086 |
| Amounts written off | (389,791) | (285,358) |
| Balance at September 30 | <u>\$ 139,365</u> | <u>110,543</u> |

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, 2024, the carrying amounts of transferred receivables and related financial liabilities were as follows:

| <u>2024.9.30</u> | | | | | | |
|--------------------------------|--------------------------|--------------------|---|-------------------------------|--------------------------------------|--|
| <u>Purchaser</u> | <u>Foreclosed amount</u> | <u>Credit line</u> | <u>Amount advanced paid (reported on short-term and long-term borrowings)</u> | <u>Range of interest Rate</u> | <u>Collateral</u> | |
| KGI Bank | \$ 629,396 | 650,000 | 400,000 | 3.59 % | Promissory notes | |
| Far Eastern International Bank | 1,437,351 | 1,680,000 | 1,355,471 | 3.10 % | Pledge deposits and promissory notes | |
| CMI Credit LTD. | 3,869 | 4,766 | 4,766 | 4.62 % | Promissory notes | |
| HOTAI Finance Co., LTD. | 146,487 | 500,000 | 146,572 | 2.99 % | Promissory notes | |
| O-Bank | 49,787 | 200,000 | 50,000 | 2.71 % | Promissory notes | |
| SinoPac Bank | 113,665 | 300,000 | 89,750 | 2.59 % | Promissory notes | |
| CTBC Bank | 570,551 | 1,000,000 | 500,000 | 2.90 % | Promissory notes | |

| <u>2023.12.31</u> | | | | | | |
|--------------------------------|---------------------------|--------------------|---|-------------------------------|--------------------------------------|--|
| <u>Purchaser</u> | <u>Transferred amount</u> | <u>Credit line</u> | <u>Amount advanced paid (reported on short-term borrowings)</u> | <u>Range of interest Rate</u> | <u>Collateral</u> | |
| KGI Bank | \$ 910,704 | 800,000 | 610,000 | 3.387 % | Promissory notes | |
| Far Eastern International Bank | 1,257,910 | 1,680,000 | 988,438 | 3.25 % | Pledge deposits and promissory notes | |
| CMI Credit LTD. | 27,863 | 23,560 | 23,560 | 4.62 % | Promissory notes | |
| HOTAI Finance Co., LTD. | 378,312 | 500,000 | 369,824 | 2.99 % | Promissory notes | |
| O-Bank | 207 | 100,000 | 224 | 2.52 % | | |

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| 2023.9.30 | | | | | |
|--------------------------------|--------------------|-------------|--|------------------------|--------------------------------------|
| Purchaser | Transferred amount | Credit line | Amount advanced paid (reported on short-term borrowings) | Range of interest Rate | Collateral |
| 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 |

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group provided promissory notes of \$4,900,000 thousand, \$3,180,000 thousand and \$3,080,000 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-recourse transaction, and the seller is not liable for the performance of the debtor's obligations after the transaction is completed.

(e) Inventories

| | 2024.9.30 | 2023.12.31 | 2023.9.30 |
|---|--------------|------------|-----------|
| Merchandise inventories | \$ 1,460,402 | 1,764,283 | 1,334,504 |
| Less: Allowance for inventory valuation and obsolescence losses | (9,321) | (11,119) | (9,421) |
| | \$ 1,451,081 | 1,753,164 | 1,325,083 |

The details of operating cost were as follows:

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|--|-----------|---|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Cost of goods sold | \$ 7,240,863 | 8,500,437 | 22,877,136 | 25,282,497 |
| Interest cost | 21,232 | 19,467 | 62,982 | 60,242 |
| Write-down of inventories (Reversal of write-downs) | (367) | 54 | (1,798) | (10,984) |
| Loss on disposal of scrap | 299 | 267 | 1,445 | 2,751 |
| | \$ 7,262,027 | 8,520,225 | 22,939,765 | 25,334,506 |

The Group has recognized the write-down of inventory to net realizable value as an operating costs. Previously resulted in Inventories Realisable value being below the Cost factor has disappeared, resulting in an increase in net realizable value and recognition Inventories recovery Interests.

As of September 30, 2024, December 31, 2023, and September 30, 2023, the inventories of the Group were not pledged as collateral.

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(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>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
| Associates | \$ <u>258,428</u> | <u>274,872</u> | <u>271,091</u> |

1. Associates

Associates to the Group consisted of the followings:

| <u>Name of Associates</u> | <u>Nature of Relationship with the Group</u> | <u>Main operating location/ Registered Country of the Company</u> | <u>Proportion of shareholding and voting rights</u> | | |
|-------------------------------------|---|---|---|-------------------|------------------|
| | | | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
| Rakuya International Info. Co. Ltd. | Real estate business, and internet information rental service | Taiwan | 26.47 % | 26.47 % | 26.47 % |
| UPN Information Co., Ltd. | Investment activities | Cayman islands | 40.00 % | 40.00 % | 40.00 % |

2. Impairment loss

On December 31, 2023, the Group performed an impairment test on goodwill comprised in carrying amount of certain investments accounted for using the equity method, and no impairment loss was recognized; please refer to Note (6)(1) of the consolidated financial statement for the year ended December 31, 2023.

3. Collateral

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group did not provide any investment accounted for using equity method as collateral.

4. 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.

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(g) Losing control of subsidiaries

The Group had sold all of its shares in IT Home Publications Inc. with a consideration of \$16,000 thousand on September 27, 2023, and resulted in a loss of control over it. The Group recognized a loss on disposal of \$1,262 thousand, and recorded it as other gains and losses in the consolidated statement of comprehensive income.

The carrying amount of assets and liabilities of IT Home Publications Inc. on September 30, 2023 as follow:

| | | |
|---|----|----------------------|
| Cash and cash equivalents | \$ | 64,069 |
| Accounts receivable and other receivables | | 42,523 |
| Property, plant and equipment | | 8,269 |
| Other current assets | | 18,556 |
| Right-of-use assets | | 14,392 |
| Other non-current assets | | 1,071 |
| Accounts payable and other payables | | (41,366) |
| Contract liabilities | | (73,596) |
| Lease liabilities | | (14,592) |
| Other liabilities | | (2,064) |
| Carrying amount of net assets | \$ | <u><u>17,262</u></u> |

(h) Material non-controlling interests of subsidiaries

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

| Subsidiaries | Main operation place | Percentage of non-controlling interests | | |
|------------------------------------|----------------------|---|------------|-----------|
| | | 2024.9.30 | 2023.12.31 | 2023.9.30 |
| 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 % |
| 21st Financial Technology Co., Ltd | Cayman islands | 54.93 % | - | - |

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.

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|---|---|--|------------------|
| Current assets | \$ 1,554,136 | 1,517,034 | 1,712,905 |
| Non-current assets | 87,551 | 81,669 | 90,097 |
| Current liabilities | (1,035,830) | (905,154) | (1,130,346) |
| Non-current liabilities | - | (205,829) | (209,309) |
| Net assets | <u>\$ 605,857</u> | <u>487,720</u> | <u>463,347</u> |
| Non-controlling interests | <u>\$ 212,050</u> | <u>170,702</u> | <u>162,171</u> |
| | For the three months ended September 30, | For the nine months ended September 30, | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> |
| Operating revenue | <u>\$ 223,753</u> | <u>257,004</u> | <u>684,265</u> |
| Net profit | \$ 38,906 | 60,255 | 118,282 |
| Other comprehensive income | (464) | 431 | (217) |
| Total comprehensive income | <u>\$ 38,442</u> | <u>60,686</u> | <u>118,065</u> |
| Profit, attributable to non-controlling interests | <u>\$ 13,618</u> | <u>21,089</u> | <u>41,399</u> |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 13,455</u> | <u>21,240</u> | <u>41,323</u> |

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--|---|--|------------------|
| Current assets | \$ 48,826 | 91,871 | 94,163 |
| Non-current assets | 460,714 | 429,999 | 433,237 |
| Current liabilities | (846) | (4,814) | (5,404) |
| Net assets | <u>\$ 508,694</u> | <u>517,056</u> | <u>521,996</u> |
| Non-controlling interests | <u>\$ 254,347</u> | <u>258,528</u> | <u>260,998</u> |
| | For the three months ended September 30, | For the nine months ended September 30, | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> |
| Net loss | \$ (2,710) | (2,646) | (8,362) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | <u>\$ (2,710)</u> | <u>(2,646)</u> | <u>(8,362)</u> |
| Loss attributable to non-controlling interests | <u>\$ (1,355)</u> | <u>(1,323)</u> | <u>(4,181)</u> |
| Comprehensive loss attributable to non-controlling interests | <u>\$ (1,355)</u> | <u>(1,323)</u> | <u>(4,181)</u> |

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

| | <u>2023.12.31</u> | <u>2023.9.30</u> |
|---|--|---|
| Current assets | \$ 4,926,739 | 5,053,755 |
| Non-current assets | 3,713,878 | 3,279,156 |
| Current liabilities | (5,239,392) | (4,685,368) |
| Non-current liabilities | <u>(645,162)</u> | <u>(933,014)</u> |
| Net assets | <u>\$ 2,756,063</u> | <u>2,714,529</u> |
| Non-controlling interests | <u>\$ 1,505,377</u> | <u>1,489,412</u> |
| | <u>For the three months ended September 30, 2023</u> | <u>For the nine months ended September 30, 2023</u> |
| Operating revenue | <u>\$ 452,839</u> | <u>1,315,223</u> |
| Net profit | \$ 58,272 | 212,552 |
| Other comprehensive loss | <u>7,688</u> | <u>3,626</u> |
| Total comprehensive income | <u>\$ 65,960</u> | <u>216,178</u> |
| Profit attributable to non-controlling interests | <u>\$ 24,250</u> | <u>93,471</u> |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 28,436</u> | <u>95,297</u> |

4. Collective financial information of 21st Financial Technology Co., Ltd. and its subsidiaries:

| | | <u>2024.9.30</u> |
|---|--|---|
| Current assets | | \$ 5,173,228 |
| Non-current assets | | 3,405,802 |
| Current liabilities | | (5,204,114) |
| Non-current liabilities | | <u>(460,861)</u> |
| Net assets | | <u>\$ 2,914,055</u> |
| Non-controlling interests | | <u>\$ 1,597,667</u> |
| | <u>For the three months ended September 30, 2024</u> | <u>For the nine months ended September 30, 2024</u> |
| Operating revenue | <u>\$ 514,853</u> | <u>1,496,001</u> |
| Net profit | \$ 93,374 | 243,890 |
| Other comprehensive loss | <u>40,317</u> | <u>(101,843)</u> |
| Total comprehensive income | <u>\$ 133,691</u> | <u>142,047</u> |
| Profit attributable to non-controlling interests | <u>\$ 43,575</u> | <u>101,882</u> |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 34,461</u> | <u>83,227</u> |

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(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2024 and 2023, were as follows:

| | Transportation equipment | Storage equipment | Furniture and office equipment | Leasehold improvements | Other equipment | Testing equipment | Total |
|--|-----------------------------|----------------------|--------------------------------------|---------------------------|--------------------|----------------------|------------------|
| Cost: | | | | | | | |
| Balance at January 1, 2024 | \$ 98,745 | 566,755 | 921,557 | 474,348 | - | 551,414 | 2,612,819 |
| Additions | - | 24,941 | 19,223 | 6,225 | - | 509,447 | 559,836 |
| Obsolescence | - | - | (15,277) | (1,596) | - | - | (16,873) |
| Disposals | - | - | (15,572) | (439) | - | - | (16,011) |
| Reclassification | - | 168,585 | 4,282 | 88,671 | - | (266,762) | (5,224) |
| Effect of changes in foreign exchange rates | - | - | 611 | 127 | - | - | 738 |
| Balance at September 30, 2024 | <u>\$ 98,745</u> | <u>760,281</u> | <u>914,824</u> | <u>567,336</u> | <u>-</u> | <u>794,099</u> | <u>3,135,285</u> |
| Balance at January 1, 2023 | \$ 98,936 | 5,102 | 1,315,190 | 443,469 | 6,507 | 703,520 | 2,572,724 |
| Additions | - | 284,075 | 27,037 | 89,913 | - | 178,655 | 579,680 |
| Obsolescence | (191) | - | (408,949) | (115,812) | (6,507) | - | (531,459) |
| Disposals | - | - | (22,363) | (58,934) | - | - | (81,297) |
| Reclassification | - | 270,976 | 17,349 | 103,162 | - | (391,515) | (28) |
| Effect of changes in foreign exchange rates | - | - | (115) | (170) | - | - | (285) |
| Balance at September 30, 2023 | <u>\$ 98,745</u> | <u>560,153</u> | <u>928,149</u> | <u>461,628</u> | <u>-</u> | <u>490,660</u> | <u>2,539,335</u> |
| Depreciation and impairment loss: | | | | | | | |
| Balance at January 1, 2024 | \$ 52,223 | 30,319 | 744,524 | 193,931 | - | - | 1,020,997 |
| Depreciation for the year | 9,150 | 66,248 | 73,249 | 51,198 | - | - | 199,845 |
| Obsolescence | - | - | (15,277) | (1,596) | - | - | (16,873) |
| Disposals | - | - | (14,868) | (237) | - | - | (15,105) |
| Effect of changes in foreign exchange rates | - | - | 466 | 89 | - | - | 555 |
| Balance at September 30, 2024 | <u>\$ 61,373</u> | <u>96,567</u> | <u>788,094</u> | <u>243,385</u> | <u>-</u> | <u>-</u> | <u>1,189,419</u> |
| Balance at January 1, 2023 | \$ 40,153 | 400 | 1,068,236 | 324,783 | 6,507 | - | 1,440,079 |
| Depreciation for the year | 9,195 | 10,393 | 90,684 | 33,904 | - | - | 144,176 |
| Obsolescence | (191) | - | (408,949) | (115,812) | (6,507) | - | (531,459) |
| Disposals | - | - | (19,360) | (50,221) | - | - | (69,581) |
| Effect of changes in foreign exchange rates | - | - | (64) | (68) | - | - | (132) |
| Balance at September 30, 2023 | <u>\$ 49,157</u> | <u>10,793</u> | <u>730,547</u> | <u>192,586</u> | <u>-</u> | <u>-</u> | <u>983,083</u> |
| Carrying amounts: | | | | | | | |
| Balance at January 1, 2024 | <u>\$ 46,522</u> | <u>536,436</u> | <u>177,033</u> | <u>280,417</u> | <u>-</u> | <u>551,414</u> | <u>1,591,822</u> |
| Balance at September 30, 2024 | <u>\$ 37,372</u> | <u>663,714</u> | <u>126,730</u> | <u>323,951</u> | <u>-</u> | <u>794,099</u> | <u>1,945,866</u> |
| 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> |

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The Group purchased relevant equipment for operation in 2024. For relevant significant contracts, please refer to Note (9)(e). As of September 30, 2024, December 31, 2023, and September 30, 2023, the property, plant and equipment were not pledged as collateral.

(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, 2024 and 2023 were as follows:

| | <u>Buildings</u> | <u>Machinery and equipment</u> | <u>Transportation equipment</u> | <u>Total</u> |
|---|---------------------|------------------------------------|-------------------------------------|------------------|
| Cost: | | | | |
| Balance as of January 1, 2024 | \$ 6,121,392 | 44,228 | 6,452 | 6,172,072 |
| Additions | 17,128 | - | 3,337 | 20,465 |
| Decrease | (69,753) | - | - | (69,753) |
| Reclassification | (260,322) | - | - | (260,322) |
| Effect of changes in foreign exchange rates | 556 | - | - | 556 |
| Balance as of September 30, 2024 | <u>\$ 5,809,001</u> | <u>44,228</u> | <u>9,789</u> | <u>5,863,018</u> |
| 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> |
| Accumulated depreciation: | | | | |
| Balance as of January 1, 2024 | \$ 1,627,945 | 22,114 | 3,874 | 1,653,933 |
| Depreciation for the year | 411,408 | 8,293 | 1,845 | 421,546 |
| Decrease | (61,166) | - | - | (61,166) |
| Effect of changes in foreign exchange rates | 374 | - | - | 374 |
| Balance as of September 30, 2024 | <u>\$ 1,978,561</u> | <u>30,407</u> | <u>5,719</u> | <u>2,014,687</u> |
| 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 |
| 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> |
| Carrying amount: | | | | |
| Balance as of January 1, 2024 | <u>\$ 4,493,447</u> | <u>22,114</u> | <u>2,578</u> | <u>4,518,139</u> |
| Balance as of September 30, 2024 | <u>\$ 3,830,440</u> | <u>13,821</u> | <u>4,070</u> | <u>3,848,331</u> |
| 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> |

The Group rented buildings as warehouses from Chunghwa Post Co., Ltd. in February 2023. The lease term is 15 years and rental fee will be adjusted yearly based on the Price Index of the year.

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The Group has subleased its leased buildings under operating leases since January 2024. Relevant right-of-use assets have been written off and the lease receivables have been recognized due to the sublease.

(k) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Group for the nine months ended September 30, 2024 and 2023, were as follows:

| | <u>Software</u> | <u>Goodwill</u> | <u>Concession</u> | <u>Others</u> | <u>Total</u> |
|-------------------------------|------------------|------------------|-------------------|----------------|------------------|
| Carrying amounts: | | | | | |
| Balance at January 1, 2024 | \$ <u>48,308</u> | <u>5,011,342</u> | <u>379,354</u> | <u>263,259</u> | <u>5,702,263</u> |
| Balance at September 30, 2024 | \$ <u>64,861</u> | <u>5,011,342</u> | <u>338,709</u> | <u>241,483</u> | <u>5,656,395</u> |
| 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> |

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2024 and 2023. Information on amortization for the period is discussed in Note (12)(a). Please refer to Notes (6)(g) and (l) of the 2023 annual consolidated financial statements for other related information.

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|-------------------------------------|---------------------|-------------------|------------------|
| PChome CB 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 |
| Cherri Tech Inc. | 1,482,473 | 1,482,473 | 1,482,473 |
| 21st Financial Technology Co., Ltd. | <u>3,414,350</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 5,011,342</u> | <u>5,011,342</u> | <u>5,011,342</u> |

Since February 16, 2024, the effective date of merger, 21st Financial Technology Co., Ltd. assumed all the assets, rights, liabilities and obligations of 21st Century Technology Co., Ltd. due to the investment structure adjustment within the Group. Please refer to Note (4)(b) for other related information.

(l) Other current financial assets and other non-current financial asset

The other current financial assets others and other non-current financial assets of the Group were as follows:

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--------------------------|---------------------|-------------------|------------------|
| Time deposits-current | \$ 905,482 | 831,586 | 1,153,629 |
| Guarantee desposits paid | 104,120 | 509,679 | 265,590 |
| Others | <u>400,962</u> | <u>426,613</u> | <u>361,831</u> |
| | <u>\$ 1,410,564</u> | <u>1,767,878</u> | <u>1,781,050</u> |

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1. Time deposits that do not meet the definition of cash equivalents are recognized as other current financial assets.

2. For special trust accounts, please refer to Note (9)(f).

3. The assets of the Group had been pledged as collateral, please refer to Note (8).

(m) Short-term borrowings

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|------------------------------------|---------------------|--------------------|--------------------|
| Unsecured bank loans | \$ 626,633 | 413,321 | 975,533 |
| Secured bank loans | 1,895,221 | 1,948,662 | 1,469,855 |
| Other short-term loans | 151,338 | 393,384 | 351,309 |
| Short-term notes and bills payable | <u>49,657</u> | <u>199,650</u> | <u>100,000</u> |
| | <u>\$ 2,722,849</u> | <u>2,955,017</u> | <u>2,896,697</u> |
| Unused short-term credit line | <u>\$ 4,997,054</u> | <u>5,308,514</u> | <u>5,842,681</u> |
| Range of interest rates | <u>1.02%~4.62%</u> | <u>0.97%~4.62%</u> | <u>0.97%~4.62%</u> |

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

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 guarantees provided by related parties, please refer to Note (7).

(n) Other current liabilities

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|---|---------------------|-------------------|------------------|
| Receipts under custody-online payment processing service mainly | \$ 2,114,141 | 1,859,707 | 1,847,123 |
| Current refund liabilities | 22,357 | 33,941 | 27,340 |
| Others-shopping credits | <u>348,116</u> | <u>337,103</u> | <u>313,025</u> |
| | <u>\$ 2,484,614</u> | <u>2,230,751</u> | <u>2,187,488</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.

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(o) Long-term borrowings

The details were as follows:

| 2024.9.30 | | | | |
|-------------------------------|-----------------|--------------|----------------------|---------------------|
| | Currency | Rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 1.57%~2.77% | 2024~2030 | \$ 1,377,145 |
| Secured bank loans | TWD | 1.63%~2.90% | 2025~2028 | 2,735,796 |
| Other long-term borrowings | TWD | 3.99% | 2024 | 50,000 |
| Loans from related parties | TWD | 2.75% | 2024~2025 | 178,719 |
| Less: current portion | | | | (825,573) |
| Total | | | | \$ 3,516,087 |
| Unused long-term credit lines | | | | \$ 1,686,000 |
| 2023.12.31 | | | | |
| | Currency | Rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 1.45%~2.26% | 2024~2030 | \$ 945,215 |
| Secured bank loans | TWD | 1.50%~2.74% | 2026~2028 | 2,170,814 |
| Other long-term borrowings | TWD | 3.99% | 2024 | 100,000 |
| Loans from related parties | TWD | 2.75% | 2024~2025 | 528,718 |
| Less: current portion | | | | (428,944) |
| Total | | | | \$ 3,315,803 |
| Unused long-term credit lines | | | | \$ 2,624,200 |
| 2023.9.30 | | | | |
| | Currency | Rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 1.445%~2.25% | 2026~2030 | \$ 382,140 |
| Secured bank loans | TWD | 1.50%~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% | 2023~2024 | 756,327 |
| Less: current portion | | | | (282,042) |
| Total | | | | \$ 1,849,975 |
| Unused long-term credit lines | | | | \$ 4,646,810 |

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

The Group has entered into a syndicated credit agreement with financial institutions in 2023, under which, specific financial ratios must be maintained in the Group's annual audited financial statements and semi-annual reviewed financial statements of the parent company, and the consolidated financial statements.

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The Company is the joint guarantor of the unsecured bank loans of the subsidiaries, Pi Mobile Technology Inc., PChome Bibian Inc. and PChome Express Co., Ltd. as of September 30, 2024. 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).

(p) Bonds payable

The details of secured convertible bonds were as follows:

| | <u>2023.12.31</u> | <u>2023.9.30</u> |
|---|-------------------|------------------|
| Total convertible corporate bonds issued | \$ 1,500,000 | 1,500,000 |
| Unamortized discounted corporate bonds payable | - | (93) |
| Cumulative redeemed amount | (1,379,000) | - |
| Cumulative converted amount | <u>(121,000)</u> | <u>(121,000)</u> |
| Balance of corporate bonds issued | <u>\$ -</u> | <u>1,378,907</u> |
| Equity component – conversion options, included in capital surplus– stock options | <u>\$ 129,737</u> | <u>129,737</u> |

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

| | For the three months ended September 30, 2023 | For the nine months ended September 30, 2023 |
|------------------|--|---|
| Interest expense | <u>\$ 2,518</u> | <u>7,460</u> |

As of September 30, 2023, the amount of bonds payable was \$1,378,907 thousand, and the duration of the bonds payable was less than one year, recognized as the current portion of long-term debt.

The Company issued secured 3-year convertible bonds at October 7, 2020, and 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 repaid the convertible corporate bonds at face value in one lump sum in cash upon maturity.

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)(y).

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(q) Lease liabilities

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

| | | | |
|-------------|---------------------|-------------------|------------------|
| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
| Current | \$ <u>480,178</u> | <u>550,664</u> | <u>554,117</u> |
| Non-current | \$ <u>3,788,832</u> | <u>4,128,727</u> | <u>4,246,886</u> |

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

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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Interests on lease liabilities | \$ <u>13,021</u> | <u>14,688</u> | <u>40,234</u> | <u>43,473</u> |
| Expenses relating to short-term leases | \$ <u>10,163</u> | <u>9,335</u> | <u>31,030</u> | <u>32,170</u> |
| Expenses relating to leases of low-value, excluding short-term leases of low-value assets | \$ <u>1,719</u> | <u>2,258</u> | <u>5,104</u> | <u>7,274</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>2024</u> | <u>2023</u> |
| Total cash outflow for leases | \$ <u>498,336</u> | <u>515,031</u> |

The Group leases buildings for its office space and warehouses. The leases of office space typically run of a period for 1 to 3 years, and of warehouses for 3 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.

(r) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax expense for the three months and nine months ended September 30, 2024 and 2023 were as follows:

| | <u>For the three months ended September 30,</u> | | <u>For the nine months ended September 30,</u> | |
|--------------------------------------|---|---------------|--|---------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Current income tax expenses: | | | | |
| Current period | \$ 54,491 | 52,726 | 169,662 | 144,939 |
| 5% surtax on unappropriated earnings | - | - | 19,416 | 10,952 |
| Adjustment for prior periods | - | (3,099) | (21,911) | (72,758) |
| | <u>54,491</u> | <u>49,627</u> | <u>167,167</u> | <u>83,133</u> |

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| | <u>For the three months ended September 30,</u> | | <u>For the nine months ended September 30,</u> | |
|---|---|---------------|--|---------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Deferred tax benefit: | | | | |
| Origination and reversal of temporary differences | (26,410) | (22,835) | (65,774) | (47,275) |
| Income tax (benefit) expenses | <u>\$ 28,081</u> | <u>26,792</u> | <u>101,393</u> | <u>35,858</u> |

2. The amounts of income tax expenses recognized in other comprehensive income for the nine months ended September 30, 2024 and 2023 both were zero.

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

(s) Capital and other equity

1. Issuance of common stock

As of September 30, 2024, December 31, 2023, and September 30, 2023, the total value of nominal ordinary shares amounted to \$2,000,000 thousand. The face value of each share is \$10. There were 143,953 thousand, 143,953 thousand and 144,163 thousand ordinary shares issued, respectively. (including the issuance of the employee restricted shares amounted to 319 thousand, 319 thousand and 529 thousand shares as of September 30, 2024, December 31, 2023, and September 30, 2023, 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 1, 2021. In actuality, \$10 thousand shares were issued, and the relevant changes in registration have been completed.

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.

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2. Capital surplus

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--|---------------------|-------------------|------------------|
| Share capital | \$ 3,114,669 | 3,114,669 | 3,086,246 |
| Conversion premium | 119,798 | 119,798 | 119,798 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 1,211,314 | 1,714,997 | 1,714,997 |
| Changes in equity of subsidiaries | 471,422 | 475,645 | 488,049 |
| 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 |
| Share based payment transactions—treasury stock | <u>2,138</u> | <u>2,138</u> | <u>2,138</u> |
| Total | <u>\$ 5,053,012</u> | <u>5,560,918</u> | <u>5,574,478</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.

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.

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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 2023 and 2022 on March 19, 2024 and March 20, 2023, respectively. The offsetting of deficit for 2023 and appropriation of earnings for 2022 was approved in the shareholders' meetings on June 19, 2024 and June 28, 2023, respectively. Relevant information is available on 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, 2024, 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, 2024, 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.

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 |
|---|---|---|
| Balance at January 1, 2024 | \$ (26,794) | 237,826 |
| Exchange differences on foreign operations | 3,693 | - |
| Unrealized losses from financial assets measured at fair value through other comprehensive income | - | (140,995) |
| Balance at September 30, 2024 | <u>\$ (23,101)</u> | <u>96,831</u> |

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| | <u>Exchange difference on translation of foreign financial statements</u> | <u>Unrealized gains from financial assets measured at fair value through other comprehensive income</u> | <u>Unearned Employee Compensation</u> |
|---|---|---|---|
| Balance at January 1, 2023 | \$ (9,252) | 156,045 | (41) |
| Exchange differences on foreign operations | (16,163) | - | - |
| Unrealized gains 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> |

6. Non-controlling Interests

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|------------------|
| Balance at January 1 | \$ 2,056,165 | 2,062,194 |
| Shares of non-controlling interests | | |
| Gain for the ended September 30 | 131,305 | 111,424 |
| Foreign currency translation differences for foreign operations | 1,086 | (438) |
| Unrealized (loss) gains from financial assets measured at fair value through other comprehensive income | (19,082) | 2,157 |
| Changes in ownership interests in subsidiaries | (3,106) | (44,055) |
| Changes in non-controlling interests | (2,316) | (118,983) |
| Share-based payment transactions | 13,997 | - |
| Balance at September 30 | <u>\$ 2,178,049</u> | <u>2,012,299</u> |

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(t) Share-based payment

The Group's share-based payment arrangements as of September 30, 2024:

1. Share-based payment transactions

| | Equity-settled | | | | | |
|--------------------------|--|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | 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 |
| Grant date | August 6, 2021 | November 3, 2021 | September 1, 2022 | April 1, 2023 | October 5, 2023 | June 28, 2023 |
| Number of shares granted | 333,000 shares | 18,000 shares | 55,000 shares | 5,880,000 shares | 1,538,495 shares | 667,000 shares |
| Contract term | 2 years | 2 years | 6 years | 10 years | 0.10 years | - |
| Vesting conditions | Immediately vested | Immediately vested | Note 1 | Note 2 | Immediately vested | Immediately vested |

Note 1: 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 2: Employees who have vested in 4 years can obtain 25% of the warrants for each of their full year of service.

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 | USD 0.127~0.755 | 1.91 | 10.55 |
| Stock price at grant date | 91.18 | 105.64 | 14.19 | USD1.375 | 11.86 | 50.60 |
| Exercise price | - | - | \$10.00 | USD0.0001 | \$10.00 | \$40.10 |
| Expected volatility (%) | 46.82% | 42.65% | 21.89% | 55.25% | 38.73% | 22.72% |
| Expected life of the option (years) | - | - | 6 years | 10 years | 0.10 years | 0.12 years |
| Risk-free interest rate (%) | 0.0484% | 0.0909% | 1.0195% | 1.1163%~1.2275% | 1.0057% | 1.10% |

2) Information on employee stock options

(Unit: Thousands)

| | For the nine months ended September 30, | | | |
|--|---|--------------------|---------------------------------|--------------------|
| | 2024 | | 2023 | |
| | Weighted-average exercise price | Numbers of options | Weighted-average exercise price | Numbers of options |
| Balance, beginning of January 1 | NTD 0.50 | 5,148,457 | NTD - | - |
| Options granted | 0.755 | 189,131 | 0.7122 | 6,602,000 |
| Options exercised | - | - | 10.55 | (667,000) |
| Options expired | - | - | - | - |
| Balance, end of September 30 | 0.50 | <u>5,337,588</u> | 0.4135 | <u>5,935,000</u> |
| Options exercisable, end of September 30 | - | <u>-</u> | - | <u>-</u> |

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2. 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, 2024 and 2023, were as follows:

| | <u>For the three months ended September 30,</u> | | <u>For the nine months ended September 30,</u> | |
|-----------------|---|---------------|--|---------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Salary expenses | \$ <u>4,034</u> | <u>19,806</u> | <u>13,997</u> | <u>32,131</u> |

(u) Earnings per share

| | <u>For the three months ended September 30,</u> | | <u>For the nine months ended September 30,</u> | |
|---|---|------------------|--|------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Loss attributable to common stockholders of the Company | \$ <u>(171,006)</u> | <u>(155,220)</u> | <u>(352,172)</u> | <u>(362,356)</u> |
| Weighted-average number of ordinary shares | <u>141,174</u> | <u>134,254</u> | <u>141,174</u> | <u>128,353</u> |
| Basic earnings per share (New Taiwan Dollars) | \$ <u>(1.21)</u> | <u>(1.16)</u> | <u>(2.49)</u> | <u>(2.82)</u> |

Due to the net loss after tax of the Group in for the three months and nine months ended September 30, 2024 and 2023, 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.

(v) 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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Revenue of electronic commerce | \$ 7,952,669 | 9,426,906 | 25,205,748 | 28,088,365 |
| Revenue of non-electronic commerce | <u>498,257</u> | <u>330,536</u> | <u>1,349,299</u> | <u>948,110</u> |
| | <u>\$ 8,450,926</u> | <u>9,757,442</u> | <u>26,555,047</u> | <u>29,036,475</u> |

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

2. Contract balances

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|----------------------|-------------------|-------------------|------------------|
| Contract liabilities | \$ <u>575,041</u> | <u>519,984</u> | <u>526,217</u> |

The amount of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$470,152 thousand and \$547,514 thousand, respectively.

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(w) Remunerations to employees, directors and supervisors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, 1%~15% of the profit shall be distributed as employee remuneration, and a maximum of 1.5% shall be allocated as directors' remuneration. Employees who are entitled to receive the employee remuneration mentioned above, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

No remunerations to employees and directors were accrued for the nine months ended September 30, 2024 due to net loss after tax incurred by the Company during the period.

No remunerations to employees and directors were accrued for the year ended December 31, 2023 due to the net loss after tax incurred by the Company during the period. Whereas for the year ended December 31, 2022, the estimated remunerations to employees and directors were \$2,352 thousand, and \$264 thousand, respectively. There were no differences between the estimated amount in the financial statements and the actual amount distributed to employees in 2022; and since no remunerations to directors were distributed during the period, the difference was accounted for as the change in accounting estimate and recognized as profit in 2023. Related information is available on the Market Observation Post System website.

(x) 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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Interest income from bank deposits | \$ 8,448 | 11,931 | 30,788 | 38,895 |
| Other interest income | 715 | 294 | 2,174 | 720 |
| Total interest income | <u>\$ 9,163</u> | <u>12,225</u> | <u>32,962</u> | <u>39,615</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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Gain on reversal of bad debts | \$ 8,206 | 4,982 | 17,798 | 17,662 |
| Income from insurance claim | - | - | 17,000 | - |
| Government grants | 3,594 | 1,423 | 10,126 | 7,880 |
| Dividend income | 181 | 181 | 3,877 | 2,581 |
| Other income | 23,678 | 54,490 | 82,134 | 81,640 |
| Total other income | <u>\$ 35,659</u> | <u>61,076</u> | <u>130,935</u> | <u>109,763</u> |

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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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Gains (losses) on disposal of property, plant and equipment | \$ 104 | (160) | 652 | 7,270 |
| Liquidated damages | (2,273) | (1,612) | (2,273) | (9,810) |
| (Loss) gains on current financial assets at fair value through profit or loss | 95 | (15) | 291 | 28,791 |
| Foreign currency exchange gains | 1,637 | 3,517 | 2,306 | 7,029 |
| Others | (341) | (20,743) | (20,104) | (25,019) |
| | <u>\$ (778)</u> | <u>(19,013)</u> | <u>(19,128)</u> | <u>8,261</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>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Interest expenses borrowing | \$ 24,448 | 17,789 | 75,560 | 63,833 |
| Interest expenses on lease liabilities | 13,021 | 14,688 | 40,234 | 43,473 |
| Interest expenses on bonds | - | 2,518 | - | 7,460 |
| Others | 2,381 | 153 | 7,273 | (1,167) |
| Finance costs, net | <u>\$ 39,850</u> | <u>35,148</u> | <u>123,067</u> | <u>113,599</u> |

(y) 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)(aa) of the consolidated financial statements for the year ended December 31, 2023.

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> |
|--------------------------------------|------------------------|-------------------------------|------------------------|--------------------|------------------|------------------|--------------------------|
| Balance at September 30, 2024 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Short-term borrowings | \$ 2,722,849 | 2,722,849 | 645,819 | 2,077,029 | - | - | - |
| Accounts and notes payable | 3,089,119 | 3,089,119 | 3,089,119 | - | - | - | - |
| Other payables | 912,918 | 912,918 | 835,824 | 77,094 | - | - | - |
| Receipts under custody | 2,114,141 | 2,114,141 | 2,114,141 | - | - | - | - |
| Lease liability | 4,269,010 | 4,269,010 | 252,939 | 227,239 | 439,880 | 849,485 | 2,499,466 |
| Long-term borrowings | 4,341,660 | 4,341,660 | 230,910 | 594,663 | 1,317,640 | 2,196,835 | 1,612 |
| | <u>\$ 17,449,697</u> | <u>17,449,697</u> | <u>7,168,752</u> | <u>2,976,025</u> | <u>1,757,520</u> | <u>3,046,320</u> | <u>2,501,078</u> |

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| | <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> |
|--------------------------------------|------------------------|-------------------------------|------------------------|--------------------|------------------|------------------|--------------------------|
| Balance at December 31, 2023 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Short-term borrowings | \$ 2,955,017 | 2,955,017 | 1,000,748 | 1,954,269 | - | - | - |
| Accounts and notes payable | 3,171,460 | 3,171,460 | 3,171,460 | - | - | - | - |
| Other payables | 1,313,941 | 1,313,941 | 1,284,303 | 29,638 | - | - | - |
| Receipts under custody | 1,859,707 | 1,859,707 | 1,859,707 | - | - | - | - |
| Lease liability | 4,679,391 | 4,679,391 | 289,629 | 261,035 | 457,561 | 970,874 | 2,700,292 |
| Long-term borrowings | 3,744,747 | 4,031,997 | 291,042 | 137,902 | 3,090,226 | 512,531 | 296 |
| Long-term payables | 84,735 | 84,735 | - | - | 84,735 | - | - |
| | <u>\$ 17,808,998</u> | <u>18,096,248</u> | <u>7,896,889</u> | <u>2,382,844</u> | <u>3,632,522</u> | <u>1,483,405</u> | <u>2,700,588</u> |
| Balance at September 30, 2023 | | | | | | | |
| 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> |

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

2. Currency risk

1) Currency risk exposure

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

| | <u>2024.9.30</u> | | | <u>2023.12.31</u> | | | <u>2023.9.30</u> | | |
|------------------------------|--|----------------------|------------|--|----------------------|------------|--|----------------------|------------|
| | <u>Foreign currency (thousands of dollars)</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency (thousands of dollars)</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency (thousands of dollars)</u> | <u>Exchange rate</u> | <u>TWD</u> |
| <u>Financial assets</u> | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | \$ 1,580 | 31.66 | 50,026 | 2,491 | 30.69 | 76,510 | 2,855 | 32.28 | 92,171 |
| JPY | 81,091 | 0.2229 | 18,075 | 47,832 | 0.2173 | 10,394 | 47,194 | 0.2162 | 10,203 |
| <u>Financial liabilities</u> | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | - | - | - | 239 | 30.69 | 7,349 | 215 | 32.28 | 6,941 |

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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, 2024 and 2023, would have increased or decreased loss before tax by \$3,405 thousand and \$4,772 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, 2024 and 2023.

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, 2024 and 2023, the foreign exchange gain (including realized and unrealized) were \$2,306 thousand and \$7,029 thousand, respectively.

3) Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note (6)(y) 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 loss before tax would have increased or decreased by \$2,601 thousand and \$1,639 thousand for the nine months ended September 30, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Group's deposits and borrowings at variable rates.

3. Other market price risk

For the nine months ended September 30, 2024 and 2023, 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:

| | For the nine months ended September 30, | | | |
|---|--|-------------------|--|-------------------|
| | 2024 | | 2023 | |
| Prices of securities at the reporting date | Other comprehensive income before tax | Net income | Other comprehensive income before tax | Net income |
| Increasing 1% | \$ 7,351 | 3,736 | 8,519 | 4,019 |
| Decreasing 1% | (7,351) | (3,736) | (8,519) | (4,019) |

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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:

| | | 2024.9.30 | | | |
|--|-------------------|-------------------|----------------|----------------|----------------|
| | | Fair Value | | | |
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| Fair value through profit or loss | | | | | |
| Preferred stock | \$ 373,618 | - | - | 373,618 | 373,618 |
| Foreign convertible bonds | 87,096 | - | - | 87,096 | 87,096 |
| | \$ 460,714 | - | - | 460,714 | 460,714 |
| Fair value through other comprehensive income | | | | | |
| Domestic and foreign stock of non-listed company | \$ 735,161 | - | - | 735,161 | 735,161 |
| | | 2023.12.31 | | | |
| | | Fair Value | | | |
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| Fair value through profit or loss | | | | | |
| Preferred stock | \$ 342,903 | - | - | 342,903 | 342,903 |
| Domestic and foreign convertible bonds | 87,096 | - | - | 87,096 | 87,096 |
| | \$ 429,999 | - | - | 429,999 | 429,999 |
| Fair value through other comprehensive income | | | | | |
| Domestic and foreign stock of non-listed company | \$ 859,583 | - | - | 859,583 | 859,583 |
| | | 2023.9.30 | | | |
| | | Fair Value | | | |
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| Fair value through profit or loss | | | | | |
| Preferred stock | \$ 401,909 | - | - | 401,909 | 401,909 |
| Foreign convertible bonds | 31,328 | - | - | 31,328 | 31,328 |
| | \$ 433,237 | - | - | 433,237 | 433,237 |
| Fair value through other comprehensive income | | | | | |
| Domestic and foreign stock of non-listed company | \$ 851,873 | - | - | 851,873 | 851,873 |

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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 |
|---|--|--|
| Opening balance, January 1, 2024 | \$ 429,999 | 859,583 |
| Purchased | 30,715 | 35,655 |
| Total gains and losses recognized: | | |
| In other comprehensive income | - | (160,077) |
| Ending Balance, September 30, 2024 | \$ 460,714 | 735,161 |
| Opening balance, January 1, 2023 | \$ 421,430 | 791,590 |
| Purchased | 11,835 | - |
| Total gains and losses recognized: | | |
| In profit or loss | (28) | - |
| In other comprehensive loss | - | 94,782 |
| Disposal/ Capital reduction | - | (34,499) |
| Ending Balance, September 30, 2023 | \$ 433,237 | 851,873 |

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For the three months and the nine months ended September 30, 2024 and 2023, 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:

| | <u>For the three months ended September 30,</u> | | <u>For the nine months ended September 30,</u> | |
|---|---|-------------|--|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Total gains and losses recognized: | | | | |
| In other gains and losses | \$ - | - | - | (28) |
| In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income” | (73,602) | (6,737) | (160,077) | 94,782 |

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.

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 (38.01% as of September 30, 2023.) | ·The estimated fair value would increase (decrease) if the volatility were higher (lower). |
| Fair value through profit or loss – Equity and debt investments without an active market | Comparable listed company market approach | ·Market value ratio (0.89~11.54, 0.89~11.54 and 1.07~6.00 as of September 30, 2024, December 31, 2023 and September 30, 2023.) ·Liquidity discounted rate (11.38%~30%, 11.38%~30% and 2.01%~30% as of September 30, 2024, December 31, 2023 and September 30, 2023.) | ·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 or weighted average cost of capital were lower (higher). |

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| <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 – Equity and debt investments without an active market | Discounted cash flow Method | ·Weighted average cost of capital (14.27% as of September 30, 2024 and December 31, 2023) | |
| Fair value through other comprehensive income – Equity investments without an active market | Comparable listed company market approach | ·Market value ratio (1.04~20.45, 0.84~17.84 and 0.91~8.86 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively) ·Liquidity discounted rate (10%~30%, 2.42%~48.08% and 2.76%~31% as of September 30, 2024, December 31, 2023 and September 30, 2023, 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 rates or weighted average cost of capital were lower (higher). |
| | Discounted cash flow Method | ·Weighted average cost of capital (12.36%~13.57%, 14.27% and 8.31~8.34% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively) | |
| | Option pricing model | ·Liquidity discounted rate (24.89%~25% as of September 30, 2024) | |

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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 | |
|---|---------------------------|-----------|------------------|-----------------|----------------------------|-----------------|
| | | | Favorable | Unfavorable | Favorable | Unfavorable |
| September 30, 2024 | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative financial instruments | P/S ratio | 5% | \$ 4,355 | (4,355) | - | - |
| Equity investments without an active market | P/S ratio etc. | 5% | 18,681 | (18,681) | - | - |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market value ratio | 5% | - | - | 23,634 | (23,603) |
| " | Liquidity discounted rate | 5% | - | - | 21,794 | (21,518) |
| " | Volatility | 5% | - | - | 18,033 | (17,658) |
| | | | \$ 23,036 | (23,036) | 63,461 | (62,779) |
| December 31, 2023 | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative financial instruments | P/S ratio | 5% | \$ 4,355 | (4,355) | - | - |
| Equity investments without an active market | P/S ratio etc. | 5% | 17,145 | (17,145) | - | - |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market value ratio | 5% | - | - | 35,936 | (35,204) |
| " | Liquidity discounted rate | 5% | - | - | 48,122 | (48,025) |
| | | | \$ 21,500 | (21,500) | 84,058 | (83,229) |

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| | <u>Input</u> | <u>Variation</u> | <u>Profit or loss</u> | | <u>Other comprehensive income</u> | |
|---|---------------------------|------------------|------------------------|--------------------------|-----------------------------------|--------------------------|
| | | | <u>Favor- able</u> | <u>Unfavor- able</u> | <u>Favor- able</u> | <u>Unfavor- able</u> |
| September 30, 2023 | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| 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> |

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.

(z) 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)(ab) of the annual consolidated financial statements for the year ended December 31, 2023.

(aa) 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, 2023. 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, 2023. For other information about the capital management, please refer to Note (6)(ac) of the consolidated financial statements for the year ended December 31, 2023.

(ab) 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, 2024 and 2023, 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)(p).

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3. The reconciliation of liabilities arising from financing activities was as follows:

| | <u>2024.1.1</u> | <u>Cash flows</u> | <u>Non-cash changes</u> | |
|---|----------------------|-------------------|-------------------------|-------------------|
| | | | <u>Others</u> | <u>2024.9.30</u> |
| Long-term borrowings | \$ 3,744,747 | 596,913 | - | 4,341,660 |
| Short-term borrowings | 2,955,017 | (232,168) | - | 2,722,849 |
| Lease liabilities | 4,679,391 | (421,968) | 11,587 | 4,269,010 |
| Total liabilities from financing activities | <u>\$ 11,379,155</u> | <u>(57,223)</u> | <u>11,587</u> | <u>11,333,519</u> |

| | <u>2023.1.1</u> | <u>Cash flows</u> | <u>Non-cash changes</u> | |
|---|---------------------|--------------------|-------------------------|-------------------|
| | | | <u>Others</u> | <u>2023.9.30</u> |
| 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 | <u>\$ 9,065,365</u> | <u>(1,012,455)</u> | <u>3,155,714</u> | <u>11,208,624</u> |

(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) | " |
| 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 Co., Ltd. | " |
| 21St Century Zi-Rong Co., Ltd. | " |
| 21St Century Xin Yong Guan Li Co., Ltd. | " |

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| <u>Names of related party</u> | <u>Relationships with the Group</u> |
|-------------------------------------|-------------------------------------|
| Yin Zhen Shi Ye Ltd. | Other related party of the Company |
| 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. | " |
| Shang Shan Human Culture Foundation | " |
| WS Fashion Group Co., Ltd. | " |
| Puma Consultants Limited. | " |
| Zhuang, Fan Jie | " |
| Liao, Zong Lun | " |
| Zhang, Man Ling | " |
| Zhou, Yi Ming | " |
| THINK DIFFERENT LTD. | " |

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

(b) Significant transactions with related parties

1. Sales revenue

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

| | For the three months ended | | For the nine months ended | |
|-----------------------|-----------------------------------|-------------|----------------------------------|-------------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Associates | \$ 210 | 72 | 321 | 495 |
| Other related parties | 6,615 | - | 6,842 | - |
| | \$ 6,825 | 72 | 7,163 | 495 |

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

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2. Purchases

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

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|-----------------------|---|-----------|--|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Associates | \$ - | - | 8 | - |
| Other related parties | 833 | 42 | 2,559 | 475 |
| | <u>\$ 833</u> | <u>42</u> | <u>2,567</u> | <u>475</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:

| Item | Related party categories | 2024.9.30 | 2023.12.31 | 2023.9.30 |
|------------------------------|-----------------------------|------------------|---------------|---------------|
| Account receivables (Note1) | Other related parties | \$ 14,700 | 23,520 | - |
| Account receivables (Note 3) | Other related parties | 2,213 | - | - |
| Lease receivable | Associates | 2,273 | 4,808 | 5,648 |
| Other receivables | Associates | 83 | 100 | 91 |
| Other receivables (Note 2) | Other related parties | - | 5,390 | 17,150 |
| | | <u>\$ 19,269</u> | <u>33,818</u> | <u>22,889</u> |

Note 1: Collection arising from online trading.

Note 2: For the nine months ended September 30, 2024 and 2023, the collections and payments generated by exchanging points of the Group amounted to \$0 thousand and \$47,288 thousand, respectively.

Note 3: Unrealized revenue of \$44,262 thousand has been deducted.

4. Payables to related parties

| Item | Related party categories | 2024.9.30 | 2023.12.31 | 2023.9.30 |
|----------------|--------------------------|------------------|----------------|----------------|
| Other payables | Zhuang, Fan Jie | \$ 77,903 | 151,305 | 150,044 |
| Other payables | THINK DIFFERENT LTD | - | 65,684 | 65,549 |
| Other payables | Other related parties | 12,424 | 24,605 | 26,592 |
| | | <u>\$ 90,327</u> | <u>241,594</u> | <u>242,185</u> |

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5. Property transactions

1) Disposal of property, plant and equipment

The disposal of property, plant and equipment to related parties is summarized as follows:

| | | For the three months ended September 30, | | | |
|--------------------------|----|--|------------------|----------------|------------------|
| | | 2024 | | 2023 | |
| Related party categories | | Disposal price | Gain on disposal | Disposal price | Gain on disposal |
| Associates | \$ | - | - | - | - |

| | | For the nine months ended September 30, | | | |
|--------------------------|----|---|------------------|----------------|------------------|
| | | 2024 | | 2023 | |
| Related party categories | | Disposal price | Gain on disposal | Disposal price | Gain on disposal |
| Associates | \$ | 284 | 243 | 2 | 2 |

6. Other

| | | For the three months ended September 30, | | For the nine months ended September 30, | |
|--------------------------|--------------------------|---|-------|--|-------|
| Item | Related party categories | 2024 | 2023 | 2024 | 2023 |
| Operating cost | Other related parties | - | 11 | 40 | 11 |
| Operating expenses | Associate | 110 | - | 318 | - |
| Operating expenses | Other related parties | 1,171 | 3,509 | 4,765 | 5,219 |
| Other operating income | Associates | 5 | 6 | 260 | 62 |
| Other operating income | Other related parties | 53 | 118 | 175 | 569 |
| Other operating expenses | Other related parties | 1,462 | - | 3,656 | - |

7. Borrowings from Related Parties

The borrowings from related parties were as follows:

| | 2024.9.30 | 2023.12.31 | 2023.9.30 |
|---------------------------|------------|------------|-----------|
| Wei Ting Shi Ye Co., Ltd. | \$ 41,251 | 105,355 | 105,355 |
| Te Wei Co., Ltd. | 104,659 | 106,015 | 155,546 |
| Ming Yu Qi Ye Co., Ltd. | 32,809 | 66,030 | 230,775 |
| Chou, Yi Ming | - | 251,318 | 264,651 |
| | \$ 178,719 | 528,718 | 756,327 |

The borrowings from related parties bear interest at rate of 2.75%, all of which are unsecured, and the carry amount was recognized under long-term borrowings and long-term liabilities, current portion.

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The Group's interest expenses and costs from related parties' borrowings were as follows:

| Item | Related party categories | For the three months ended September 30, | | For the nine months ended September 30, | |
|-------------------|--------------------------|---|-------|--|-------|
| | | 2024 | 2023 | 2024 | 2023 |
| Interest costs | Other related parties | \$ - | 2,128 | - | 7,350 |
| Interest expenses | Other related parties | 1,239 | 3,665 | 5,377 | 9,590 |

8. Leases

The Group rented an office building from other related party to be used as its office during the period between 2022 to 2024. A one to three years lease contract was signed with the contract price amounting to \$12,152 thousand, in which the rental fee is determined based on the nearby office rental rates. The details were as follow:

| Item | Related party categories | 2024.9.30 | 2023.12.31 | 2023.9.30 |
|---------------------|--------------------------|-----------|------------|-----------|
| Lease liabilities | Other related parties | \$ 4,455 | 2,993 | 3,185 |
| Refundable deposits | Other related parties | 336 | 376 | 336 |

| Item | Related party categories | For the three months ended September 30, | | For the nine months ended September 30, | |
|-------------------|--------------------------|---|------|--|------|
| | | 2024 | 2023 | 2024 | 2023 |
| Interest expenses | Other related parties | \$ 31 | 24 | 64 | 75 |

9.As of September 30, 2024, December 31, 2023, and September 30, 2023, the short-term borrowings, short-term notes payable and long-term borrowings of the Group were guaranteed by credit and real estate from other related parties, with total amounts of \$1,730,000 thousand, \$2,597,875 thousand and \$2,599,500 thousand, respectively.

(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, | |
|------------------------------|---|---------------|--|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Short-term employee benefits | \$ 13,630 | 15,300 | 54,350 | 58,835 |
| Share-based payment | 4,024 | - | 13,969 | - |
| | <u>\$ 17,654</u> | <u>15,300</u> | <u>68,319</u> | <u>58,835</u> |

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(8) Restricted Assets:

The following assets were restricted in use:

| <u>Assets</u> | <u>Purpose of Pledge</u> | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--|--|---------------------|-------------------|------------------|
| Bank deposit-current (recognized under other current financial assets) | Security for performance, purchase guarantee, loans with certificate of deposits and corporate bonds guarantee | \$ 905,482 | 831,586 | 1,153,629 |
| Refundable deposit (recognized under other non-current financial assets) | Security for provisional seizure, deposits for warehouse and office rental and bank loans | 104,120 | 509,679 | 265,590 |
| | | <u>\$ 1,009,602</u> | <u>1,341,265</u> | <u>1,419,219</u> |

(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. Linktel Inc. terminated the business on November 30, 2023, and the Company's performance of contractual obligations to a non-related party was then terminated on March 31, 2024.

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

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--------------------------------------|------------------|-------------------|------------------|
| Notes payable deposited as guarantee | \$ <u>46,942</u> | <u>245,304</u> | <u>130,417</u> |

(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:

| | <u>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|-----------------|------------------|-------------------|------------------|
| Guarantee limit | \$ <u>-</u> | <u>8,500</u> | <u>8,500</u> |

(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>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|-----------------|---------------------|-------------------|------------------|
| Guarantee limit | \$ <u>2,816,317</u> | <u>2,951,317</u> | <u>3,029,317</u> |

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(e) As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group has paid \$549,072 thousand, \$753,219 thousand and \$655,945 thousand, for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting were \$33,694 thousand, \$582,355 thousand and \$695,768 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>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|-------------------|-------------------|-------------------|------------------|
| The trust account | \$ <u>400,962</u> | <u>426,613</u> | <u>361,831</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>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|-----------------|------------------|-------------------|------------------|
| Guarantee limit | \$ <u>-</u> | <u>-</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>2024.9.30</u> | <u>2023.12.31</u> | <u>2023.9.30</u> |
|--------------------------------------|---------------------|-------------------|------------------|
| Notes payable deposited as guarantee | \$ <u>5,660,558</u> | <u>3,960,000</u> | <u>3,530,000</u> |

(10) Significant Catastrophic Losses:None

(11) Significant Subsequent Events:

- a. On October 23, 2024, the Board of Directors resolved to approve a maximum private placement of 61,694 thousand common shares to raise capital; and on December 19, 2024, a special shareholders' meeting is scheduled to follow to execute the above resolution within one year from the date the shareholders' meeting was held.
- b. To integrate its overall resources, expand its operational scale and performance, as well as strengthen its global market competitiveness, the Company has decided to adjust its organizational structure by authorizing its subsidiary, 21st Financial Technology Co., Ltd., to acquire the shares of 21st Century Digital Technology Co., Ltd., Cherri Tech, Inc., and Pi Mobile Technology, Inc. (collectively referred to as the "Taiwan Subsidiaries") from its sub-subsidiary, 21st Financial Technology Co., Ltd.(JP) (referred to as "21JP"). Following the share transfer, 21JP will become the parent company of the Taiwan Subsidiaries, based on a resolution approved during its board meeting held on October 23, 2024. For detailed information, please refer to the Market Observation Post System.

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(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, 2024 | | | For the three months ended September 30, 2023 | | |
|----------------------------|---|-------------------|---------|---|-------------------|---------|
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Nature | | | | | | |
| Employee benefits | | | | | | |
| Salary | 72,507 | 359,477 | 431,984 | 80,678 | 392,083 | 472,761 |
| Labor and health insurance | 7,393 | 36,702 | 44,095 | 8,999 | 39,134 | 48,133 |
| Pension | 3,715 | 17,767 | 21,482 | 3,940 | 19,612 | 23,552 |
| Others employee benefits | 3,646 | 22,209 | 25,855 | 3,926 | 23,020 | 26,946 |
| Depreciation | 12,268 | 189,938 | 202,206 | 14,426 | 202,524 | 216,950 |
| Amortization | 1 | 27,920 | 27,921 | 1 | 33,176 | 33,177 |

| Categorized as | For the nine months ended September 30, 2024 | | | For the nine months ended September 30, 2023 | | |
|----------------------------|--|-------------------|-----------|--|-------------------|-----------|
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Nature | | | | | | |
| Employee benefits | | | | | | |
| Salary | 221,919 | 1,083,527 | 1,305,446 | 239,579 | 1,184,834 | 1,424,413 |
| Labor and health insurance | 23,112 | 111,174 | 134,286 | 27,529 | 121,171 | 148,700 |
| Pension | 11,607 | 54,005 | 65,612 | 12,203 | 60,176 | 72,379 |
| Others employee benefits | 11,748 | 70,336 | 82,084 | 12,218 | 72,494 | 84,712 |
| Depreciation | 38,347 | 583,044 | 621,391 | 49,642 | 615,125 | 664,767 |
| Amortization | 4 | 90,051 | 90,055 | 37 | 95,134 | 95,171 |

(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, 2024:

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 Digital Technology Co., Ltd. | Other receivables | Yes | 350,000 | 350,000 | 350,000 | 2.75 % | 2 | - | Operating Capital | - | Repayment of promissory note | 350,000 | 2,401,439 | 2,401,439 |
| 1 | 21st Century Digital Technology Co., Ltd. | 21st Century Digital Technology Co., Ltd. | Other receivables | Yes | 720,000 | 720,000 | 701,558 | 2.75 % | 2 | - | Operating Capital | - | Repayment of promissory note | 710,558 | 825,789 | 825,789 |
| 1 | " | Cherri Tech, Inc. | Other receivables | Yes | 37,744 | 37,744 | 37,744 | 2.75 % | 2 | - | Operating Capital | - | - | - | 825,789 | 825,789 |

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| 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 | | |
| 2 | Cherri Tech, Inc. | Japan Cherri KK | Other receivables | Yes | 22,290 | - | - | - % | 2 | - | Operating Capital | - | | - | 9,441 | 9,441 |

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 | 3,001,798 | 10,000 | - | - | - | - % | 9,005,396 | Y | N | N |
| 0 | " | PChome Express Co., Ltd. | 2 | 3,001,798 | 50,000 | 50,000 | - | - | 0.83 % | 9,005,396 | Y | N | N |
| 0 | " | PChome Store Inc. | 2 | 3,001,798 | 125,000 | - | - | - | - % | 9,005,396 | Y | N | N |
| 0 | " | PChome Bibian Inc. | 2 | 3,001,798 | 267,480 | 267,480 | 171,633 | - | 4.46 % | 9,005,396 | Y | N | N |
| 0 | " | Pi Mobile Technology Inc. | 1 | 900,540 | 300,000 | 300,000 | - | - | 5.00 % | 9,005,396 | Y | N | N |
| 0 | " | 21st Century Digital Technology Co., Ltd. | 1 | 2,064,473 | 350,000 | - | - | - | - % | 9,005,396 | Y | N | N |
| 1 | 21st Financial Technology Co., Ltd. | 21st Century Digital Technology Co., Ltd. | 2 | 3,001,798 | 2,100,000 | 1,900,000 | 1,355,471 | - | 75.20 % | 9,005,396 | Y | N | N |
| 1 | " | Pi Mobile Technology Inc. | 2 | 3,001,798 | 100,000 | 100,000 | 80,000 | - | 3.96 % | 9,005,396 | Y | N | N |

Note 1: The explanation for the editorial column is as follows:

1. 0 is issuer.
2. Subsidiaries labeled in number sequence from 1.

Note 2: 1. 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%.

2. The total amount of guarantee and/or endorsements for Pi Mobile Technology Inc. shall not exceed 15% of the current net value.

3. The total amount of guarantee and/or endorsements for 21st Century Digital Technology Co., Ltd. shall not exceed the current net value of 21st Century Digital Technology Co., Ltd.

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

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.

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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 | |
| | Common Stock: | | | | | | | |
| PChome Online Inc. | Openfind Information Technology, Inc. | - | FVOCI | 880,000 | 59,321 | 6.22 % | 59,321 | |
| " | Career Consulting Co., Ltd. | - | " | 113,005 | 5,558 | 0.72 % | 5,558 | |
| " | ECROWD MEDIA INC. | - | " | 3,725,645 | 58,045 | 18.39 % | 58,045 | |
| " | IPEVO Corp. | - | " | 1,958,018 | 49,322 | 7.19 % | 49,322 | |
| " | Famicloud Inc. | - | " | 30,525 | 376 | 0.40 % | 376 | |
| " | Taiwan Advance Intelligent Tech. Co., Ltd. | - | " | 1,732,102 | 1,115 | 4.75 % | 1,115 | |
| " | Miho International Cosmetic Co., Ltd. | - | " | 6,941,550 | 41,372 | 8.09 % | 41,372 | |
| " | WS Fashion Group Co., Ltd. | - | " | 226,617 | 17,157 | 6.76 % | 17,157 | |
| " | PayEasy Ltd. | - | " | 1,376,668 | 36,826 | 12.52 % | 36,826 | |
| " | 17Life Ltd. | - | " | 1,126,049 | 11,441 | 6.26 % | 11,441 | |
| " | Influenxio Limited(BVI) | - | " | 9,915 | 5,710 | 3.85 % | 5,710 | |
| " | Mdata Group Co., LTD. | - | " | 126,011 | 15,804 | 2.86 % | 15,804 | |
| " | AccuHit Tech Holdings Limited | - | " | 1,666,668 | 15,039 | 4.32 % | 15,039 | |
| | Preferred stocks: | | | | | | | |
| " | Pickupp Limited | - | " | 650,644 | 44,568 | 3.17 % | 44,568 | |
| " | FunNow Ltd. | - | " | 1,306,620 | 45,091 | 1.80 % | 45,091 | |
| " | AccuHit Tech Holdings Limited | - | " | 5,600,000 | 125,171 | 10.94 % | 125,171 | |
| " | Our Agriculture Inc. | - | " | 3,212,121 | 15,514 | 2.32 % | 15,514 | |
| | Common Stock: | | | | | | | |
| Pi Mobile Technology Inc. | All Win Fintech Company Limited | - | " | 11,400,000 | 152,076 | 11.40 % | 152,076 | |
| " | OCARD INC. | - | " | 2,100,840 | 15,555 | 4.17 % | 15,555 | |
| PChome eBay Co., Ltd. | Cyberbiz Corporation | - | " | 51,547 | 20,000 | 1.00 % | 20,000 | |
| Cornerstone Ventures Co., Ltd. | Cornerstone Ventures Co., Ltd. | - | " | 10,000 | 100 | 10.00 % | 100 | |
| Linktel Inc. | Eastern Online Co., Ltd. | - | FVTPL | 118,750 | - | 2.31 % | - | |
| " | Taiwan Mobile Co., Ltd. | - | " | 128 | - | - % | 14 | |
| | Convertible bonds: | | | | | | | |
| Chunghwa PChome Fund 1 Co., Ltd. | Tresl Inc. | - | " | - | 8,640 | - % | 8,640 | |
| " | WORCA INC. | - | " | - | 78,456 | - % | 78,456 | |
| | Preferred stocks: | | | | | | | |
| " | Instill Ai Ltd. | - | " | 6,262 | 4,202 | 3.91 % | 4,202 | |
| " | FP International Limited | - | " | 56,050 | 29,209 | 2.69 % | 29,209 | |
| " | Ecommerce Enablers Pte. Ltd. | - | " | 142,813 | 19,773 | 0.16 % | 19,773 | |
| " | USPACE Tech Co., Ltd. | - | " | 1,226,016 | 34,463 | 6.37 % | 34,463 | |
| " | Our Agriculture Inc. | - | " | 11,682,828 | 33,205 | 8.45 % | 33,205 | |

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| 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. | Green Future Tech Inc. | - | FVTPL | 312,300 | 20,874 | 2.29 % | 20,874 | |
| " | Pickupp Limited | - | " | 131,179 | 15,419 | 0.70 % | 15,419 | |
| " | Return Helper Limited | - | " | 6,798 | 28,166 | 12.58 % | 28,166 | |
| " | Aiello Inc. | - | " | 6,836,545 | 20,393 | 3.53 % | 20,393 | |
| " | Haulio Investment Holdings Pte. Ltd. | - | " | 362,189 | 5,558 | 0.98 % | 5,558 | |
| " | GoFreight Inc. | - | " | 165,020 | 116,924 | 6.12 % | 116,924 | |
| " | Traveler Co., Ltd. | - | " | 10,000 | 14,717 | 0.69 % | 14,717 | |
| " | ALLEYPIN INTERACTIVE CO., LTD. | - | " | 65,218 | 15,000 | 5.62 % | 15,000 | |
| " | Omnichat Limited | - | " | - | 15,715 | - % | 15,715 | |

4. 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.
5. Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
6. Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the dollar amount reaches \$100 million or 20% or more of paid-in capital: None.
8. 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. | 21st Financial Technology Co., Ltd. | Subsidiary | 350,000 | - % | - | | - | - |
| 21st Century Digital Technology Co., Ltd. | 21st Financial Technology Co., Ltd. | Parent company of sub-subsidiary | 735,195 | - % | - | | - | - |

9. Derivative transactions: Please refer to Note (6)(b).
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. | 21st Financial Technology Co., Ltd. | 1 | Other receivables | 350,000 | Usual terms and conditions | 1.31 % |
| 1 | 21st Century Digital Technology Co., Ltd. | 21st Financial Technology Co., Ltd. | 2 | Other receivables | 735,195 | " | 2.75 % |

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.

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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, 2024, 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. | Linktel Inc. | Taiwan | Type II Telecommunications Business | 125,000 | 125,000 | 1,500,000 | 100.00 % | 6,938 | (2,024) | (2,024) | Note 1 |
| " | PC HOME ONLINE INTERNATIONAL CO., LTD. | British Virgin Islands | International trade and investment activities | 25,485 | 25,485 | 122,328 | 100.00 % | 229 | (41) | (41) | " |
| " | Rakuya International Info. Co. Ltd. | Taiwan | Real estate business, and internet information rental service | 47,439 | 47,439 | 3,035,115 | 26.47 % | 59,185 | 51,188 | 13,549 | " |
| " | PCHOME US INC. | United States of America | E-commerce platform | 134,065 | 134,065 | 45,800,000 | 91.97 % | 5,258 | (1,734) | (1,594) | Note 1 |
| " | PChome (Thailand) Co., Ltd. | Thailand | E-commerce platform | 131,875 | 131,875 | 13,249,999 | 66.25 % | 3,718 | (9,394) | (6,223) | " |
| " | PChome Travel Inc. | Taiwan | Travel agencybusiness | 36,000 | 36,000 | 3,600,000 | 100.00 % | 8,880 | (400) | (400) | " |
| " | PChome Financial Technology Inc. | Taiwan | Information service | 10,000 | 10,000 | 1,000,000 | 100.00 % | 3,716 | 10 | 10 | " |
| " | PChome Holding Inc. | British Virgin Islands | Investment activities | 1,043,763 | 1,043,763 | 313,951,718 | 100.00 % | 21,470 | (427) | (427) | " |
| " | PChome Express Co., Ltd. | Taiwan | Transportation andlogistics | 200,000 | 200,000 | 20,000,000 | 100.00 % | 92,956 | (18,234) | (18,234) | " |
| " | Chunghwa PChome Fund 1 Co., Ltd. | Taiwan | Investment activities | 200,000 | 200,000 | 20,000,000 | 50.00 % | 254,347 | (8,362) | (4,181) | " |
| " | Cornerstone Ventures Co., Ltd. | Taiwan | Investment activities | 5,100 | 5,100 | 510,000 | 51.00 % | 5,484 | 229 | 117 | " |
| " | PChome CB Co., Ltd. | Taiwan | E-commerce cross-border services | 140,000 | 140,000 | 14,000,000 | 65.23 % | 152,610 | 941 | 614 | " |
| " | Mitch Co., Ltd. | Taiwan | Clothing sales | 168,614 | 168,614 | 1,600,000 | 100.00 % | 15,698 | (91) | (91) | " |
| " | YunTan technology Inc. | Taiwan | Information processing and provision of electronic information | 54,250 | 54,250 | 1,261,628 | 59.94 % | 38,768 | (5,789) | (4,975) | Notes 1&2 |
| " | 21st Century Technology Co., Ltd. | Taiwan | Financial Technology Services | - | 5,192,546 | - | - % | - | 39,725 | 14,065 | " |
| " | 21st Financial Technology Co., Ltd | Cayman Islands | Investment activities | 5,192,546 | - | 29,565,111 | 43.66 % | 4,681,142 | 245,851 | 67,574 | " |
| " | PChome Data Technology Co., Ltd. | Taiwan | Information processing and provision of electronic information | 5,000 | 5,000 | 500,000 | 100.00 % | 3,648 | (301) | (301) | Note 1 |
| " | PIN Technology Inc. | Taiwan | Information processing and provision of electronic information | 10,000 | 10,000 | 1,000,000 | 100.00 % | 9,768 | 56 | 56 | " |
| " | UPN Information Co., Ltd. | Cayman Islands | Investment activities | 226,000 | 226,000 | 400,001 | 40.00 % | 199,243 | (21,944) | (11,774) | Note 2 |
| " | EC Global Limited | Hong Kong | Investment activities | 358 | 6,338 | 7,494,642 | 100.00 % | 67 | (94) | (94) | Note 1 |

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| 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. | PChome eBay Co., Ltd. | Taiwan | Information processing and provision of electronic information | 779,688 | 779,688 | 27,300,000 | 65.00 % | 398,811 | 118,282 | 76,883 | Note 1 |
| PChome eBay Co., Ltd. | PChome Store Inc. | Taiwan | Internet services | 889,919 | 889,919 | 75,500,018 | 100.00 % | 50,618 | 23,147 | 23,147 | Note 1 |
| " | ECOSMOS PTE. LTD. | Singapore | Information processing and provision of electronic information | 9,153 | 9,153 | 3,300,000 | 100.00 % | 8,500 | (189) | (189) | " |
| " | 21st Century Technology Co., Ltd. | Taiwan | Financial Technology Services | - | 224,592 | - | - % | - | 39,725 | 560 | " |
| " | 21st Financial Technology Co., Ltd | Cayman Islands | Investment activities | 224,592 | - | 964,599 | 1.41 % | 35,454 | 245,851 | 2,692 | " |
| PC HOME ONLINE INTERNATIONAL CO., LTD. | PCHOME ONLINE INC. | Cayman Islands | International trade and investment activities | - | 25,311 | - | - % | - | (61) | (61) | Note 1 |
| " | PC HOME ONLINE (HK) LTD. | Hong Kong | Information service and indirect investment activities | 25,140 | - | 5,641,239 | 100.00 % | 190 | (2,072) | (2,072) | " |
| PCHOME ONLINE INC. | PC HOME ONLINE (HK) LTD. | Hong Kong | Information service and indirect investment activities | - | 25,140 | - | - % | - | - | - | Note 1 |
| PChome Holding Inc. | PChome Marketplace Inc. | Cayman Islands | Investment activities | - | 1,043,763 | - | - % | - | (826) | (826) | Note 1 |
| PChome CB Co., Ltd. | PChome CBS Co., Ltd. | Taiwan | Internet services | 127,000 | 127,000 | 2,900,000 | 100.00 % | 149,829 | 5,438 | 5,438 | Note 1 |
| " | PCHOME CB PTE. LTD. | Singapore | Internet services | 59,698 | 59,698 | 190,000 | 100.00 % | 61,547 | (5,504) | (5,504) | " |
| " | Air Supply Logistics Co., Ltd. | Taiwan | Transportation and logistics | 3,000 | 3,000 | 300,000 | 100.00 % | 3,499 | 506 | 506 | " |
| PCHOME CB PTE. LTD. | PChome Bibian Inc. | Japan | E-commerce cross-border services | 51,069 | 51,069 | 3,600 | 100.00 % | 55,048 | (5,453) | (5,453) | Note 1 |
| YunTan technology Inc. | Einsure insurance broker Inc. | Taiwan | Insurance brokers | 68,600 | 68,600 | 7,500,000 | 100.00 % | 11,665 | (6,606) | (6,606) | Note 1 |
| 21st Century Technology Co., Ltd. | Pi Mobile Technology Inc. | Taiwan | Online payment processing services | - | 133,206 | - | - % | - | (2,892) | (79) | Note 1 |
| " | 21st Financial Technology Co., Ltd | Cayman Islands | Investment activities | - | 1,468,741 | - | - % | - | 245,851 | 54,614 | " |
| " | Cherri Tech, Inc. | Taiwan | Financial technology services and indirect investment activities | - | 2,155,114 | - | - % | - | (30,632) | (11,515) | " |
| 21st Financial Technology Co., Ltd | Pi Mobile Technology Inc. | Taiwan | Online payment processing services | 321,185 | 187,979 | 46,260,866 | 99.49 % | 164,720 | (2,892) | (2,795) | Note 1 |
| " | 21st Century Digital Technology Co., Ltd. | Taiwan | Financial Technology Services | 1,143,509 | 1,143,509 | 120,100,000 | 100.00 % | 2,064,473 | 314,630 | 314,630 | " |
| " | Cherri Tech, Inc. | Taiwan | Financial technology services and indirect investment activities | 2,155,114 | - | 5,895,410 | 100.00 % | 1,681,121 | (30,632) | (36,476) | Notes 1&2 |
| " | 21st Financial Technology Co., Ltd.(JP) | Japan | Financial technology services and indirect investment activities | - | - | - | 100.00 % | - | - | - | Note 1 |
| 21st Century Digital Technology Co., Ltd. | FAN7 TOUR CO., LTD. | Taiwan | Travel agency business | 6,000 | 6,000 | 600,000 | 100.00 % | 3,875 | (195) | (195) | Note 1 |
| " | Lianju Asset Management Co., Ltd. | Taiwan | Financial Institution Creditor's Right(Money) Purchase | 3,000 | 3,000 | 300,000 | 100.00 % | 2,653 | (391) | (391) | " |
| Pi Mobile Technology Inc. | Pay and Link Inc. | Taiwan | Electronic payment business | 349,388 | 349,388 | 10,000,000 | 100.00 % | 60,321 | (14,607) | (14,607) | Note 1 |
| " | Yun Tung Bao International Co., Ltd. | Taiwan | Online payment processing services | - | 3,000 | - | - % | - | (78) | (78) | " |
| Cherri Tech, Inc. | Japan Cherri KK | Japan | Financial Technology Services | 41,928 | 19,418 | 1,600 | 90.00 % | 12,132 | (11,417) | (9,212) | Note 1 |

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.

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(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 |
|---|--|--|
| - | 61,104 | 4,908,987 |

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 31.66 at the nine months ended September 30, 2024.

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, wherein the remaining funds had been remitted to the parent company, PC HOME ONLINE (HK) LTD., as of September 30, 2024.

3. Significant transactions: None.

(d) Major shareholders:

(Unit: Share)

| Shareholder's Name | Shareholding | Shares | Percentage |
|--------------------|--------------|------------|------------|
| SITE INC. | | 18,907,864 | 13.13 % |

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, 2024. 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.

- (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:

| For the three months ended September 30, 2024 | E-Commerce- Sales | Market Place | Fintech | Other segment | Adjustments and Eliminations | Others | Consolidated |
|---|----------------------|-----------------|----------------|------------------|------------------------------------|-----------------|------------------|
| Revenue: | | | | | | | |
| Non-inter-company revenue | \$ 7,552,342 | 195,075 | 524,033 | 179,476 | - | - | 8,450,926 |
| Inter-company revenue | 1,786 | 28,824 | 17,375 | 137,947 | (185,932) | - | - |
| Total Revenue | \$ 7,554,128 | 223,899 | 541,408 | 317,423 | (185,932) | - | 8,450,926 |
| Reportable Segment net operating (loss) income | \$ (188,435) | 21,514 | 126,171 | (36,124) | (3,732) | (15,184) | (95,790) |

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| <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> |
|---|------------------------------|-------------------------|------------------|--------------------------|---|-----------------|---------------------|
| Revenue: | | | | | | | |
| Non-inter-company revenue | \$ 8,907,812 | 223,649 | 435,554 | 190,427 | - | - | 9,757,442 |
| Inter-company revenue | (452) | 34,053 | 29,831 | 138,651 | (202,083) | - | - |
| Total Revenue | \$ 8,907,360 | 257,702 | 465,385 | 329,078 | (202,083) | - | 9,757,442 |
| Reportable Segment net operating (loss) income | \$ (178,580) | 15,999 | 82,960 | (9,808) | (5,081) | (15,194) | (109,704) |
| | | | | | | | |
| <u>For the nine months ended September 30, 2024</u> | <u>E-Commerce- Sales</u> | <u>Market Place</u> | <u>Fintech</u> | <u>Other</u> | <u>Adjustments and Eliminations</u> | <u>Others</u> | <u>Consolidated</u> |
| Revenue: | | | | | | | |
| Non-inter-company revenue | \$ 23,970,214 | 599,112 | 1,503,266 | 482,455 | - | - | 26,555,047 |
| Inter-company revenue | 5,673 | 85,833 | 80,444 | 408,991 | (580,941) | - | - |
| Total Revenue | \$ 23,975,887 | 684,945 | 1,583,710 | 891,446 | (580,941) | - | 26,555,047 |
| Reportable Segment net operating (loss) income | \$ (420,249) | 58,784 | 340,176 | (64,414) | (11,701) | (45,547) | (142,951) |
| | | | | | | | |
| <u>For the nine months ended September 30, 2023</u> | <u>E-Commerce- Sales</u> | <u>Market Place</u> | <u>Fintech</u> | <u>Other</u> | <u>Adjustments and Eliminations</u> | <u>Others</u> | <u>Consolidated</u> |
| Revenue: | | | | | | | |
| Non-inter-company revenue | \$ 26,539,449 | 686,527 | 1,248,679 | 561,820 | - | - | 29,036,475 |
| Inter-company revenue | 11,166 | 118,400 | 87,396 | 377,618 | (594,580) | - | - |
| Total Revenue | \$ 26,550,615 | 804,927 | 1,336,075 | 939,438 | (594,580) | - | 29,036,475 |
| Reportable Segment net operating (loss) income | \$ (498,020) | 43,266 | 287,133 | (40,226) | (14,127) | (45,582) | (267,556) |