

**International Games System Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

INTERNATIONAL GAMES SYSTEM CO., LTD.

By

LEE KO-CHU
Chairman

March 6, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
International Games System Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of International Games System Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

Occurrence of Licensing Revenue

The Group licenses its games to agents and receives licensing revenue. Since the amount of licensing revenue is material and the Group requires internal system information and various external reports for revenue recognition, we regards the occurrence of licensing revenue for the year ended December 31, 2024 as a key audit matter. Refer to Notes 4 and 23 to the consolidated financial statements.

The main audit procedures we performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested the design and effectiveness of the controls over the occurrence of licensing revenue.
2. We selected samples from the details of licensing revenue and inspected the relevant documents such as the original data and contracts and we checked these against the amounts received in the subsequent year and confirmed the validity of the occurrence of licensing revenue.

Other Matter

We have also audited the parent company only financial statements of International Games System Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shih-Chieh Chou and Tung-Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2025

Notice to Readers

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

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

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,842,817	13	\$ 942,922	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	113,362	-	109,992	1
Financial assets at amortized cost - current (Notes 4 and 9)	10,468,131	47	9,503,120	58
Notes receivable	13,779	-	1,771	-
Accounts receivable, net (Notes 4, 10 and 23)	2,411,915	11	2,062,772	12
Inventories, net (Notes 4 and 11)	147,007	1	124,240	1
Prepayments (Note 12)	147,483	1	96,266	1
Other current assets (Note 18)	<u>135,317</u>	<u>1</u>	<u>88,660</u>	<u>-</u>
Total current assets	<u>16,279,811</u>	<u>74</u>	<u>12,929,743</u>	<u>79</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	523,699	3	477,746	3
Property, plant and equipment (Notes 4, 14 and 30)	3,368,537	15	1,078,151	7
Right-of-use assets (Notes 4 and 15)	7,223	-	1,664	-
Investment properties (Notes 4 and 16)	1,806,194	8	1,824,765	11
Other intangible assets (Notes 4 and 17)	73,089	-	54,747	-
Deferred tax assets (Notes 4 and 25)	52,139	-	73,974	-
Other non-current assets (Note 18)	<u>13,211</u>	<u>-</u>	<u>9,768</u>	<u>-</u>
Total non-current assets	<u>5,844,092</u>	<u>26</u>	<u>3,520,815</u>	<u>21</u>
TOTAL	<u>\$ 22,123,903</u>	<u>100</u>	<u>\$ 16,450,558</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 23)	\$ 281,097	1	\$ 274,722	2
Notes payable (Note 19)	17,894	-	16,532	-
Accounts payable (Note 19)	36,298	-	75,144	-
Other payables (Note 20)	4,278,263	20	3,170,911	19
Current tax liabilities (Notes 4 and 25)	923,400	5	551,196	3
Lease liabilities - current (Notes 4 and 15)	3,678	-	1,268	-
Other current liabilities	<u>101,349</u>	<u>-</u>	<u>83,328</u>	<u>1</u>
Total current liabilities	<u>5,641,979</u>	<u>26</u>	<u>4,173,101</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 25)	31,778	-	-	-
Lease liabilities - non-current (Notes 4 and 15)	3,437	-	382	-
Net defined benefit liabilities (Notes 4 and 21)	57,536	-	77,199	1
Guarantee deposits	<u>4,158</u>	<u>-</u>	<u>4,158</u>	<u>-</u>
Total non-current liabilities	<u>96,909</u>	<u>-</u>	<u>81,739</u>	<u>1</u>
Total liabilities	<u>5,738,888</u>	<u>26</u>	<u>4,254,840</u>	<u>26</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Ordinary shares	<u>2,818,016</u>	<u>13</u>	<u>1,409,008</u>	<u>8</u>
Capital surplus	<u>317,283</u>	<u>1</u>	<u>317,283</u>	<u>2</u>
Retained earnings				
Legal reserve	1,978,287	9	1,335,337	8
Unappropriated earnings	<u>10,904,720</u>	<u>49</u>	<u>8,820,932</u>	<u>54</u>
Total retained earnings	<u>12,883,007</u>	<u>58</u>	<u>10,156,269</u>	<u>62</u>
Other equity	<u>363,624</u>	<u>2</u>	<u>309,749</u>	<u>2</u>
Total equity attributable to owners of the Company	16,381,930	74	12,192,309	74
NON-CONTROLLING INTERESTS	<u>3,085</u>	<u>-</u>	<u>3,409</u>	<u>-</u>
Total equity	<u>16,385,015</u>	<u>74</u>	<u>12,195,718</u>	<u>74</u>
TOTAL	<u>\$ 22,123,903</u>	<u>100</u>	<u>\$ 16,450,558</u>	<u>100</u>

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

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 18,512,825	100	\$ 14,175,795	100
OPERATING COSTS (Notes 4, 11, 21 and 24)	<u>647,732</u>	<u>3</u>	<u>559,780</u>	<u>4</u>
GROSS PROFIT	<u>17,865,093</u>	<u>97</u>	<u>13,616,015</u>	<u>96</u>
OPERATING EXPENSES (Notes 10, 21 and 24)				
Selling and marketing expenses	2,876,484	16	2,475,437	18
General and administrative expenses	597,569	3	457,548	3
Research and development expenses	4,055,799	22	3,146,958	22
Expected credit loss	<u>7,936</u>	<u>-</u>	<u>2,004</u>	<u>-</u>
Total operating expenses	<u>7,537,788</u>	<u>41</u>	<u>6,081,947</u>	<u>43</u>
PROFIT FROM OPERATIONS	<u>10,327,305</u>	<u>56</u>	<u>7,534,068</u>	<u>53</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 21 and 24)				
Interest income	301,356	2	259,574	2
Other income	47,973	-	17,046	-
Other gains and losses	2,018	-	2,206	-
Net gain (loss) on foreign currency exchange	282,666	1	(47,890)	-
Finance costs	<u>(195)</u>	<u>-</u>	<u>(85)</u>	<u>-</u>
Total non-operating income and expenses	<u>633,818</u>	<u>3</u>	<u>230,851</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	10,961,123	59	7,764,919	55
INCOME TAX EXPENSE (Notes 4 and 25)	<u>1,903,787</u>	<u>10</u>	<u>1,339,066</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>9,057,336</u>	<u>49</u>	<u>6,425,853</u>	<u>46</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	11,873	-	4,621	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	45,953	-	27,082	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(2,375)</u>	<u>-</u>	<u>(924)</u>	<u>-</u>
	<u>55,451</u>	<u>-</u>	<u>30,779</u>	<u>-</u>

(Continued)

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 8,037	-	\$ 7,281	-
Other comprehensive income for the year, net of income tax	63,488	-	38,060	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 9,120,824</u>	<u>49</u>	<u>\$ 6,463,913</u>	<u>46</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 9,057,775	49	\$ 6,425,804	46
Non-controlling interests	<u>(439)</u>	<u>-</u>	<u>49</u>	<u>-</u>
	<u>\$ 9,057,336</u>	<u>49</u>	<u>\$ 6,425,853</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 9,121,148	49	\$ 6,463,930	46
Non-controlling interests	<u>(324)</u>	<u>-</u>	<u>(17)</u>	<u>-</u>
	<u>\$ 9,120,824</u>	<u>49</u>	<u>\$ 6,463,913</u>	<u>46</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 32.14</u>		<u>\$ 22.80</u>	
Diluted	<u>\$ 31.78</u>		<u>\$ 22.54</u>	

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

(Concluded)

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Owners of the Company	Non-controlling Interests	Total Equity
			Legal Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
BALANCE AT JANUARY 1, 2023	\$ 1,409,008	\$ 317,283	\$ 786,255	\$ 7,872,040	\$ 8,658,295	\$ 11,144	\$ 264,176	\$ 275,320	\$ 10,659,906	\$ 3,426	\$ 10,663,332
Appropriation of 2022 earnings											
Legal reserve	-	-	549,082	(549,082)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(4,931,527)	(4,931,527)	-	-	-	(4,931,527)	-	(4,931,527)
	-	-	549,082	(5,480,609)	(4,931,527)	-	-	-	(4,931,527)	-	(4,931,527)
Net profit for the year ended December 31, 2023	-	-	-	6,425,804	6,425,804	-	-	-	6,425,804	49	6,425,853
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	3,697	3,697	7,347	27,082	34,429	38,126	(66)	38,060
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	6,429,501	6,429,501	7,347	27,082	34,429	6,463,930	(17)	6,463,913
BALANCE AT DECEMBER 31, 2023	1,409,008	317,283	1,335,337	8,820,932	10,156,269	18,491	291,258	309,749	12,192,309	3,409	12,195,718
Appropriation of 2023 earnings											
Legal reserve	-	-	642,950	(642,950)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(4,931,527)	(4,931,527)	-	-	-	(4,931,527)	-	(4,931,527)
Share dividends distributed by the Company	1,409,008	-	-	(1,409,008)	(1,409,008)	-	-	-	-	-	-
	1,409,008	-	642,950	(6,983,485)	(6,340,535)	-	-	-	(4,931,527)	-	(4,931,527)
Net profit for the year ended December 31, 2024	-	-	-	9,057,775	9,057,775	-	-	-	9,057,775	(439)	9,057,336
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	9,498	9,498	7,922	45,953	53,875	63,373	115	63,488
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	9,067,273	9,067,273	7,922	45,953	53,875	9,121,148	(324)	9,120,824
BALANCE AT DECEMBER 31, 2024	\$ 2,818,016	\$ 317,283	\$ 1,978,287	\$ 10,904,720	\$ 12,883,007	\$ 26,413	\$ 337,211	\$ 363,624	\$ 16,381,930	\$ 3,085	\$ 16,385,015

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

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 10,961,123	\$ 7,764,919
Adjustments for:		
Depreciation expense	114,393	79,428
Amortization expense	58,233	36,271
Expected credit loss	7,936	2,004
Net gain on financial assets at fair value through profit or loss	(2,018)	(2,206)
Finance costs	195	85
Interest income	(301,356)	(259,574)
Dividend income	(4,036)	-
(Reversal of) write-downs of inventories	(1,867)	1,192
Loss on inventory scrap	7,101	6,939
Net loss (gain) on foreign currency exchange	(25,965)	40,763
Changes in operating assets and liabilities		
Notes receivable	(12,008)	6,350
Accounts receivable	(340,866)	(471,699)
Inventories	(54,172)	(61,203)
Prepayments	(48,081)	(1,301)
Other current assets	(15,378)	(14,271)
Contract liabilities	6,375	39,446
Notes payable	1,362	2,808
Accounts payable	(38,846)	35,488
Other payables	1,107,576	454,309
Other current liabilities	18,021	(2,927)
Net defined benefit liabilities	(7,790)	(8,435)
Cash generated from operations	11,429,932	7,648,386
Interest paid	(195)	(85)
Income tax paid	(1,483,481)	(1,126,681)
Net cash generated from operating activities	<u>9,946,256</u>	<u>6,521,620</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(2,473)
Purchase of financial assets at amortized cost	(965,011)	(7,514,283)
Payments for property, plant and equipment	(2,356,835)	(19,765)
Increase in refundable deposits	(3,561)	(353)
Payments for intangible assets	(76,575)	(34,290)
Payments for investment properties	-	(1,838,694)
Interest received	269,994	225,436
Dividends received	<u>4,036</u>	<u>-</u>
Net cash used in investing activities	<u>(3,127,952)</u>	<u>(9,184,422)</u>

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INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	\$ -	\$ 2,500
Repayment of the principal portion of lease liabilities	(3,094)	(2,751)
Cash dividends paid	<u>(4,931,527)</u>	<u>(4,931,527)</u>
Net cash used in financing activities	<u>(4,934,621)</u>	<u>(4,931,778)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>16,212</u>	<u>12,214</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,899,895	(7,582,366)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>942,922</u>	<u>8,525,288</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,842,817</u>	<u>\$ 942,922</u>

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

(Concluded)

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

International Games System Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in November 1989. The Company is mainly engaged in the planning for arcade games software, hardware, and design, research and development, manufacturing, marketing and after-sales services, and services of online games and mobile games.

The Company’s shares have been traded on the Taipei Exchange (TPEX) Mainboard since July 12, 2006.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 6, 2025.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are

translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

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

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

h. Investment properties

Investment properties are properties held to earn rental or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

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

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, notes receivable, other receivable and other non-current financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

1) Revenue from the sale of arcade games

Revenue from the sale of goods comes from sales of arcade games. Sales of arcade games are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently. Advance receipts from sale of products are recognized as contract liabilities before the products are shipped.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from sales of online games. Revenue is recognized in the period the performance obligations are satisfied or when online games are actually played; revenue from online games sold but not yet played are deferred, and payments received are accounted for as contract liabilities.

3) Licensing revenue

Royalty payments calculated on time basis are recognized as income using the straight-line method over the terms of the agreement. Royalty payments calculated based on production, sales and other measurement methods are recognized as income in accordance with the terms of the agreements. The receipts in advance of royalty are accounted for as contract liabilities and reclassified to revenue when the performance obligations are satisfied.

m. Leases

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

1) The Group as lessor

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized.

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 4,277	\$ 3,121
Checking accounts and demand deposits	550,073	343,642
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>2,288,467</u>	<u>596,159</u>
	<u>\$ 2,842,817</u>	<u>\$ 942,922</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2024	2023
Bank balance	0.0068%- 0.845%	0.0055%-1.45%
Time deposits	1.225%-4.7%	1.10%-5.75%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 113,362</u>	<u>\$ 109,992</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - iBASE Gaming Inc.	\$ 13,273	\$ 20,104
Ordinary shares - Game Hours Inc.	10,295	19,870
Unlisted shares		
Ordinary shares - Silan Corporation	<u>8,255</u>	<u>4,850</u>
	31,823	44,824
Foreign investment		
Ordinary shares - Guangzhou Wahlap Technology Co., Ltd.	<u>491,876</u>	<u>432,922</u>
	<u>\$ 523,699</u>	<u>\$ 477,746</u>

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 10,468,131	\$ 9,503,120

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.66%-5.4% and 0.535%-5.72% per annum as of December 31, 2024 and 2023, respectively.

10. ACCOUNTS RECEIVABLE

	December 31	
	2024	2023
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,463,474	\$ 2,113,477
Less: Allowance for impairment loss	(51,559)	(50,705)
	<u>\$ 2,411,915</u>	<u>\$ 2,062,772</u>

Accounts receivable

The average credit period of sales of goods is 90 days. No interest is charged on accounts receivable. The impairment assessment of accounts receivable is based on individual assessment, aging analysis, historical experience and analysis of the current financial situation of the customer to estimate the amount that cannot be recovered.

Before accepting a new customer, the Group conducted detailed customer credit investigation and based on the customer's basic information, carefully measured the customer credit, evaluated the potential customer credit quality and set the customer credit limit based on the customer's financial and credit position. The customer credit limit and rating are reviewed yearly.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As the credit loss history experience of the Group shows that there is no significant difference in the loss patterns of different customer groups, they are not further differentiated, and the expected credit loss rate is determined only by the number of days overdue of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group directly writes off the relevant accounts receivable, but will continue to track activities, and the amount recovered is recognized in profit and loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2024

	Not Past Due	Less than 90 Days	91 to 270 Days	Over 270 Days	Total
Expected credit loss rate	0.82%	16.19%	50%	100%	
Gross carrying amount	\$ 2,391,909	\$ 44,940	\$ 4,100	\$ 22,525	\$ 2,463,474
Loss allowance (Lifetime ECLs)	<u>(19,709)</u>	<u>(7,275)</u>	<u>(2,050)</u>	<u>(22,525)</u>	<u>(51,559)</u>
Amortized cost	<u>\$ 2,372,200</u>	<u>\$ 37,665</u>	<u>\$ 2,050</u>	<u>\$ -</u>	<u>\$ 2,411,915</u>

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 270 Days	Over 270 Days	Total
Expected credit loss rate	0.75%	8.43%	49.83%	100%	
Gross carrying amount	\$ 2,009,780	\$ 69,721	\$ 8,307	\$ 25,669	\$ 2,113,477
Loss allowance (Lifetime ECLs)	<u>(15,023)</u>	<u>(5,874)</u>	<u>(4,139)</u>	<u>(25,669)</u>	<u>(50,705)</u>
Amortized cost	<u>\$ 1,994,757</u>	<u>\$ 63,847</u>	<u>\$ 4,168</u>	<u>\$ -</u>	<u>\$ 2,062,772</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 50,705	\$ 57,214
Add: Net remeasurement of loss allowance	7,936	2,004
Less: Amounts written off	(7,077)	(8,513)
Foreign exchange gains and losses	<u>(5)</u>	<u>-</u>
Balance at December 31	<u>\$ 51,559</u>	<u>\$ 50,705</u>

11. INVENTORIES, NET

	December 31	
	2024	2023
Raw materials	\$ 114,489	\$ 92,420
Work in progress	29,573	24,673
Finished goods	<u>2,945</u>	<u>7,147</u>
	<u>\$ 147,007</u>	<u>\$ 124,240</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	\$ 386,968	\$ 330,190
(Reversals of) write-downs of inventories	(1,867)	1,192
Loss on inventory scrap	<u>7,101</u>	<u>6,939</u>
	<u>\$ 392,202</u>	<u>\$ 338,321</u>

The reversals of write-downs of inventories resulted from the net realized value reversed.

12. PREPAYMENTS

	December 31	
	2024	2023
Prepaid expenses	\$ 91,322	\$ 43,241
Prepaid income taxes	<u>56,161</u>	<u>53,025</u>
	<u>\$ 147,483</u>	<u>\$ 96,266</u>

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2024	2023	
The “Company”	TaDa Gaming Holding Ltd	Investment	100.00	100.00	a.
	Lucky Win Limited	Online games sales services	100.00	100.00	
	FALA PTE. LTD.	Online games sales services	100.00	-	b.
	FaDa B.V.	Online games sales services	100.00	-	c.
	Skywin Software Co., Ltd.	Online games sales services	-	-	d.
	Dumbo Gaming Ltd Co.	Online games sales services	-	100.00	e.
	Arc Play Ltd Co.	Online games sales services	100.00	100.00	
	Shizi Tech Ltd Co.	Online games sales services	100.00	100.00	
	Fufafa Technology Ltd Co.	Online games sales services	100.00	100.00	
	Gamejoy Technology Co., Ltd.	Online games sales services	100.00	100.00	
	Guangzhou Juteng Network Technology Co., Ltd.	Develop and produce computer software and sell self-produced products; computer system integration; advisory service, technical training and technical service offered	78.01	78.01	
TaDa Gaming Holding Ltd	TaDa Gaming Ltd	Online games sales services	100.00	100.00	a.
	TaDa Gaming CA Ltd	Online games sales services	100.00	-	a.
	TaDa Gaming UK Ltd	Online games sales services	100.00	-	a.
	Fluture RO Ltd	Online games sales services	100.00	-	a.

- a. On October 31, 2023, the Company established TaDa Gaming UK Ltd, TaDa Gaming CA Ltd, and Fluture RO Ltd. Additionally, on May 12, 2023, June 25, 2024, and August 13, 2024, the Company increased capital in TaDa Gaming Holding Ltd by \$16,820 thousand, \$17,362 thousand, and \$24,829 thousand, respectively. Furthermore, on June 25, 2024, TaDa Gaming Holding Ltd increased capital in TaDa Gaming CA Ltd by \$17,362 thousand, on August 13, 2024, increased capital in TaDa Gaming Ltd by \$24,829 thousand, and on October 30, 2024, increased capital in both TaDa Gaming UK Ltd and Fluture RO Ltd by \$340 thousand each.
- b. The Company established FALA PTE. LTD on September 7, 2023, and the capital was contributed on January 5, 2024.
- c. The Company established FaDa B.V. on November 23, 2023, and the capital was contributed on February 23, 2024.
- d. The Company established Skywin Software Co., Ltd. on February 29, 2024, and its dissolution was approved on December 19, 2024. The liquidation process is still ongoing.
- e. Dumbo Gaming Ltd Co. was dissolved on March 22, 2024, and the liquidation process was completed on August 22, 2024.

14. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Equipment	Office Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 347,883	\$ 1,124,029	\$ 59,915	\$ 113,902	\$ 70,464	\$ -	\$ 1,716,193
Additions	1,433,032	891,019	7,407	9,949	-	15,428	2,356,835
Disposals	-	(350)	(719)	(450)	(1,270)	-	(2,789)
Reclassification	-	-	-	-	26,171	-	26,171
Effects of foreign currency exchange differences	-	-	-	21	-	-	21
Balance at December 31, 2024	<u>\$ 1,780,915</u>	<u>\$ 2,014,698</u>	<u>\$ 66,603</u>	<u>\$ 123,422</u>	<u>\$ 95,365</u>	<u>\$ 15,428</u>	<u>\$ 4,096,431</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ (463,646)	\$ (51,273)	\$ (90,858)	\$ (32,265)	\$ -	\$ (638,042)
Disposals	-	350	719	450	1,270	-	2,789
Depreciation expense	-	(43,023)	(5,560)	(13,141)	(30,896)	-	(92,620)
Effects of foreign currency exchange differences	-	-	-	(21)	-	-	(21)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ (506,319)</u>	<u>\$ (56,114)</u>	<u>\$ (103,570)</u>	<u>\$ (61,891)</u>	<u>\$ -</u>	<u>\$ (727,894)</u>
Carrying amount at December 31, 2024	<u>\$ 1,780,915</u>	<u>\$ 1,508,379</u>	<u>\$ 10,489</u>	<u>\$ 19,852</u>	<u>\$ 33,474</u>	<u>\$ 15,428</u>	<u>\$ 3,368,537</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 347,883	\$ 1,122,351	\$ 52,851	\$ 103,167	\$ 30,756	\$ -	\$ 1,657,008
Additions	-	1,678	7,131	10,818	138	-	19,765
Disposals	-	-	(67)	(71)	-	-	(138)
Reclassification	-	-	-	-	39,570	-	39,570
Effects of foreign currency exchange differences	-	-	-	(12)	-	-	(12)
Balance at December 31, 2023	<u>\$ 347,883</u>	<u>\$ 1,124,029</u>	<u>\$ 59,915</u>	<u>\$ 113,902</u>	<u>\$ 70,464</u>	<u>\$ -</u>	<u>\$ 1,716,193</u>

(Continued)

	Freehold Land	Buildings	Equipment	Office Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ (435,857)	\$ (46,196)	\$ (78,430)	\$ (15,014)	\$ -	\$ (575,497)
Disposals	-	-	67	71	-	-	138
Depreciation expense	-	(27,789)	(5,144)	(12,510)	(17,251)	-	(62,694)
Effects of foreign currency exchange differences	-	-	-	11	-	-	11
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (463,646)</u>	<u>\$ (51,273)</u>	<u>\$ (90,858)</u>	<u>\$ (32,265)</u>	<u>\$ -</u>	<u>\$ (638,042)</u>
Carrying amount at December 31, 2023	<u>\$ 347,883</u>	<u>\$ 660,383</u>	<u>\$ 8,642</u>	<u>\$ 23,044</u>	<u>\$ 38,199</u>	<u>\$ -</u>	<u>\$ 1,078,151</u>
							(Concluded)

Depreciation is calculated on a straight-line basis over the following estimated years:

Buildings	3-50 years
Main buildings	50 years
Air-conditioning units	10-15 years
Hydropower and fire protection engineering	10-15 years
Others	3-50 years
Equipment	2-10 years
Office equipment	3-10 years
Other equipment	3 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings and escrow of points card are set out in Note 30.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Carrying amount</u>		
Transportation equipment	<u>\$ 7,223</u>	<u>\$ 1,664</u>
	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 8,790</u>	<u>\$ 1,203</u>
Depreciation charge for right-of-use assets		
Transportation equipment	<u>\$ 3,202</u>	<u>\$ 2,805</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ 3,678	\$ 1,268
Non-current	\$ 3,437	\$ 382

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Transportation equipment	2.30%-2.46%	2.22%-2.46%

c. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ 4,120	\$ 200
Expenses relating to low-value asset leases	\$ -	\$ 5
Total cash outflow for leases	\$ (7,332)	\$ (3,018)

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

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 1,798,457	\$ 40,237	\$ 1,838,694
Additions	-	-	-
Balance at December 31, 2024	\$ 1,798,457	\$ 40,237	\$ 1,838,694
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ 13,929	\$ 13,929
Depreciation expenses	-	18,571	18,571
Balance at December 31, 2024	\$ -	\$ 32,500	\$ 32,500
Carrying amount at January 1, 2024	\$ 1,798,457	\$ 26,308	\$ 1,824,765
Carrying amount at December 31, 2024	\$ 1,798,457	\$ 7,737	\$ 1,806,194

(Continued)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Additions	<u>1,798,457</u>	<u>40,237</u>	<u>1,838,694</u>
Balance at December 31, 2023	<u>\$ 1,798,457</u>	<u>\$ 40,237</u>	<u>\$ 1,838,694</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Depreciation expenses	<u>-</u>	<u>13,929</u>	<u>13,929</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 13,929</u>	<u>\$ 13,929</u>
Carrying amount at January 1, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2023	<u>\$ 1,798,457</u>	<u>\$ 26,308</u>	<u>\$ 1,824,765</u> (Concluded)

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2024	2023
Year 1	\$ 6,615	\$ 13,230
Year 2	<u>-</u>	<u>6,615</u>
	<u>\$ 6,615</u>	<u>\$ 19,845</u>

Depreciation of investment properties is calculated on a straight-line basis over the following estimated years:

Buildings	2 years
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The investment property of the Group is located at Wuquan 8th Road, Wugu District, New Taipei City. Due to its classification as industrial land, market transactions are infrequent, and it is not possible to obtain reliable alternative fair value estimates. Therefore, the fair value cannot be reliably determined.

17. OTHER INTANGIBLE ASSETS

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 177,367	\$ 80,736	\$ 258,103
Additions	<u>73,439</u>	<u>3,136</u>	<u>76,575</u>
Balance at December 31, 2024	<u>\$ 250,806</u>	<u>\$ 83,872</u>	<u>\$ 334,678</u> (Continued)

	Royalty	Computer Software	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2024	\$ (132,888)	\$ (70,468)	\$ (203,356)
Amortization expenses	<u>(51,823)</u>	<u>(6,410)</u>	<u>(58,233)</u>
Balance at December 31, 2024	<u>\$ (184,711)</u>	<u>\$ (76,878)</u>	<u>\$ (261,589)</u>
Carrying amount at December 31, 2024	<u>\$ 66,095</u>	<u>\$ 6,994</u>	<u>\$ 73,089</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 148,749	\$ 75,064	\$ 223,813
Additions	<u>28,618</u>	<u>5,672</u>	<u>34,290</u>
Balance at December 31, 2023	<u>\$ 177,367</u>	<u>\$ 80,736</u>	<u>\$ 258,103</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ (104,285)	\$ (62,800)	\$ (167,085)
Amortization expenses	<u>(28,603)</u>	<u>(7,668)</u>	<u>(36,271)</u>
Balance at December 31, 2023	<u>\$ (132,888)</u>	<u>\$ (70,468)</u>	<u>\$ (203,356)</u>
Carrying amount at December 31, 2023	<u>\$ 44,479</u>	<u>\$ 10,268</u>	<u>\$ 54,747</u>
			(Concluded)
Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:			
Royalty		Based on terms of contract	
Computer software		2-5 years	

18. OTHER ASSETS

	<u>December 31</u>	
	2024	2023
<u>Current</u>		
Interest receivable	\$ 79,272	\$ 47,994
Others	<u>56,045</u>	<u>40,666</u>
	<u>\$ 135,317</u>	<u>\$ 88,660</u>
<u>Non-current</u>		
Refundable deposits	\$ 7,770	\$ 4,327
Others	<u>5,441</u>	<u>5,441</u>
	<u>\$ 13,211</u>	<u>\$ 9,768</u>

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2024	2023
<u>Notes payable</u>		
Operating	<u>\$ 17,894</u>	<u>\$ 16,532</u>
<u>Accounts payable</u>		
Operating	<u>\$ 36,298</u>	<u>\$ 75,144</u>

20. OTHER LIABILITIES

	December 31	
	2024	2023
Payables for compensation of employees, board of directors	\$ 2,906,930	\$ 2,060,401
Payables for salaries	1,021,167	761,898
Payables for advertisements	182,262	202,811
Others	<u>167,904</u>	<u>145,801</u>
	<u>\$ 4,278,263</u>	<u>\$ 3,170,911</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The subsidiary - Guangzhou Juteng Network Technology Co., Ltd. - is required to contribute to the pension fund amounts calculated based on how much its employees contribute to the pension fund. The fund is managed by a local authorized insurance company. Employees can receive the pension from the pension fund when they resign or retire.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 115,137	\$ 123,024
Fair value of plan assets	<u>(57,601)</u>	<u>(45,825)</u>
Net defined benefit liabilities	<u>\$ 57,536</u>	<u>\$ 77,199</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	<u>\$ 123,024</u>	<u>\$ (45,825)</u>	<u>\$ 77,199</u>
Service cost			
Current service cost	87	-	87
Past service cost	(382)	-	(382)
Net interest expense (income)	<u>1,538</u>	<u>(581)</u>	<u>957</u>
Recognized in profit or loss	<u>1,243</u>	<u>(581)</u>	<u>662</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,239)	(4,239)
Actuarial gain			
Changes in financial assumptions	(2,572)	-	(2,572)
Experience adjustments	<u>(5,062)</u>	<u>-</u>	<u>(5,062)</u>
Recognized in other comprehensive income	<u>(7,634)</u>	<u>(4,239)</u>	<u>(11,873)</u>
Contributions from the employer	<u>-</u>	<u>(8,452)</u>	<u>(8,452)</u>
Benefits paid	<u>(1,496)</u>	<u>1,496</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 115,137</u>	<u>\$ (57,601)</u>	<u>\$ 57,536</u>
Balance at January 1, 2023	<u>\$ 130,191</u>	<u>\$ (39,936)</u>	<u>\$ 90,255</u>
Service cost			
Current service cost	86	-	86
Past service cost	(139)	-	(139)
Net interest expense (income)	<u>1,790</u>	<u>(560)</u>	<u>1,230</u>
Recognized in profit or loss	<u>1,737</u>	<u>(560)</u>	<u>1,177</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(380)	(380)
Actuarial gain			
Changes in financial assumptions	(1,298)	-	(1,298)
Experience adjustments	<u>(2,943)</u>	<u>-</u>	<u>(2,943)</u>
Recognized in other comprehensive income	<u>(4,241)</u>	<u>(380)</u>	<u>(4,621)</u>
Contributions from the employer	<u>-</u>	<u>(9,612)</u>	<u>(9,612)</u>
Benefits paid	<u>(4,663)</u>	<u>4,663</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 123,024</u>	<u>\$ (45,825)</u>	<u>\$ 77,199</u>

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

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

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

	December 31	
	2024	2023
Discount rate(s)	1.50%	1.25%
Expected rate(s) of salary increase	4.25%	4.25%

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

	December 31	
	2024	2023
Discount rate(s)		
0.25% increase	<u>\$ (2,491)</u>	<u>\$ (2,766)</u>
0.25% decrease	<u>\$ 2,572</u>	<u>\$ 2,864</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,465</u>	<u>\$ 2,737</u>
0.25% decrease	<u>\$ (2,401)</u>	<u>\$ (2,659)</u>

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

	December 31	
	2024	2023
Expected contributions to the plans for the next year	<u>\$ 1,536</u>	<u>\$ 1,331</u>
Average duration of the defined benefit obligation	8.8 years	9.1 years

- c. There were no employee retirement policies in Dumbo Gaming Limited, Arc Play Limited, Shizi Tech Limited, Fufafa Technology Limited, Gamejoy Technology Limited, Skywin Software Co., Ltd., Lucky Win Limited, FALA PTE. LTD, FaDa B.V. and TaDa Gaming Holding Ltd.

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Shares authorized (in thousands of shares)	<u>500,000</u>	<u>200,000</u>
Shares authorized, par value \$10	<u>\$ 5,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>281,802</u>	<u>140,901</u>
Shares issued and fully paid	<u>\$ 2,818,016</u>	<u>\$ 1,409,008</u>

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	<u>\$ 317,283</u>	<u>\$ 317,283</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 28, 2023, and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of six months of the fiscal year.

Under the dividends policy as set forth in the Articles after the amendments, where the Company made a profit at the end of six months of the fiscal year, the profit shall be first estimated, reserved and utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses in issuing new shares, or which the board of directors distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 24(e).

The Company will consider the need for developing new products and research and development and working capital, in line with the overall environment and industry characteristics, to achieve sustainable operations, pursue long-term shareholder benefits, stabilize operating performance as the goal, and meet shareholders' demand for cash inflow. For the surplus earnings distribution proposal, at least 20% of the dividends will be distributed in cash. However, the type and ratio of the surplus earnings distribution may be adjusted by the resolution of the shareholders in their meeting according to the actual profit and capital status of the year.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Articles amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2023 and 2022 were approved in the shareholders' meetings on June 24, 2024 and June 28, 2023, respectively.

The appropriations and dividends per share were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	<u>\$ 642,950</u>	<u>\$ 549,082</u>
Cash dividends	<u>\$ 4,931,527</u>	<u>\$ 4,931,527</u>
Share dividends	<u>\$ 1,409,008</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 35	\$ 35
Share dividends per share (NT\$)	\$ 10	\$ -

On November 7, 2024, the Company's board of directors resolved not to distribute the unappropriated earnings at the end of six months of the fiscal year.

On December 22, 2023, the Company's board of directors resolved not to distribute the unappropriated earnings at the end of six months of the fiscal year.

On June 24, 2024, the shareholders held a meeting and resolved the transfer of earnings to capital in the amount of \$1,409,008 thousand with a par value of \$10, which was approved by the Financial Supervisory Commission on June 27, 2024, and the change of registration was approved by the Ministry of Economic Affairs on August 14, 2024 with the letter of Jing-Shou-Shang No. 11330142070.

The appropriations of earnings for 2024 proposed by the Company's board of directors on March 6, 2025 were as follows:

	2024
Legal reserve	<u>\$ 906,728</u>
Cash dividends	<u>\$ 8,172,245</u>
Cash dividends per share (NT\$)	\$ 29

The appropriation of earnings for 2024 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 19, 2025.

23. REVENUE

	<u>For the Year Ended December 31</u>	
	2024	2023
Revenue from contracts with customers		
Rendering of services	\$ 7,008,980	\$ 7,062,178
Licensing revenue	10,300,265	6,081,137
Revenue from sale of arcade games	<u>1,203,580</u>	<u>1,032,480</u>
	<u>\$ 18,512,825</u>	<u>\$ 14,175,795</u>

a. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 10)	<u>\$ 2,463,474</u>	<u>\$ 2,113,477</u>	<u>\$ 1,699,290</u>
Contract liabilities			
Rendering of services	\$ 264,097	\$ 255,230	\$ 208,871
Royalty revenue	16,316	18,725	26,055
Sale of goods	<u>684</u>	<u>767</u>	<u>350</u>
	<u>\$ 281,097</u>	<u>\$ 274,722</u>	<u>\$ 235,276</u>

Contract liabilities from the beginning of year recognized as income were as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
Contract liabilities from the beginning of year		
Rendering of services	\$ 121,731	\$ 121,437
Royalty revenue	4,847	829
Sale of goods	<u>97</u>	<u>223</u>
	<u>\$ 126,675</u>	<u>\$ 122,489</u>

b. Disaggregation of revenue

Refer to Note 33 for information about the disaggregation of revenue.

24. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 32,619	\$ 89,782
Financial assets at amortized cost	<u>268,737</u>	<u>169,792</u>
	<u>\$ 301,356</u>	<u>\$ 259,574</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Compensation income	\$ 23,155	\$ -
Rental income	13,211	8,422
Dividend income	4,036	-
Others	<u>7,571</u>	<u>8,624</u>
	<u>\$ 47,973</u>	<u>\$ 17,046</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Fair value changes of financial assets		
Financial assets at FVTPL	<u>\$ 2,018</u>	<u>\$ 2,206</u>

d. Employee benefits, depreciation and amortization

	For the Year Ended December 31, 2024		
	Operating Costs	Operating Expenses	Total
Employee benefits expenses			
Salary and wages expenses	\$ 59,698	\$ 4,615,739	\$ 4,675,437
Labor and health insurance premium	1,667	145,801	147,468
Pension expenses	977	43,244	44,221
Other employee expenses	<u>2,703</u>	<u>143,125</u>	<u>145,828</u>
	<u>\$ 65,045</u>	<u>\$ 4,947,909</u>	<u>\$ 5,012,954</u>
Depreciation expenses	<u>\$ 33,594</u>	<u>\$ 80,799</u>	<u>\$ 114,393</u>
Amortization expenses	<u>\$ 48,467</u>	<u>\$ 9,766</u>	<u>\$ 58,233</u>

	For the Year Ended December 31, 2023		
	Operating Costs	Operating Expenses	Total
Employee benefits expenses			
Salary and wages expenses	\$ 66,827	\$ 3,459,045	\$ 3,525,872
Labor and health insurance premium	1,673	131,921	133,594
Pension expenses	998	41,188	42,186
Other employee expenses	<u>2,402</u>	<u>122,404</u>	<u>124,806</u>
	<u>\$ 71,900</u>	<u>\$ 3,754,558</u>	<u>\$ 3,826,458</u>
Depreciation expenses	<u>\$ 19,918</u>	<u>\$ 59,510</u>	<u>\$ 79,428</u>
Amortization expenses	<u>\$ 15,802</u>	<u>\$ 20,469</u>	<u>\$ 36,271</u>

e. Compensation of employees and remuneration of directors

According to the Articles, the Company accrues compensation of employees and remuneration of directors at the rates ranges of 3%-20% and no higher than 3%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 6, 2025 and March 7, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	20%	20%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 2,768,505	\$ 1,962,287
Remuneration of directors	138,425	98,114

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 471,262	\$ 224,178
Foreign exchange losses	<u>(188,596)</u>	<u>(272,068)</u>
Net (losses) gains	<u>\$ 282,666</u>	<u>\$ (47,890)</u>

25. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 1,851,210	\$ 1,317,001
Adjustments for prior year	<u>1,339</u>	<u>30,412</u>
	1,852,549	1,347,413
Deferred tax		
In respect of the current year	<u>51,238</u>	<u>(8,347)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,903,787</u>	<u>\$ 1,339,066</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before income tax	<u>\$ 10,961,123</u>	<u>\$ 7,764,919</u>
Income tax expense calculated at the statutory rate	\$ 2,205,662	\$ 1,558,870
Nondeductible expenses in determining taxable income	260	154
Income tax credits of investment for current year	(297,980)	(251,389)
Unrecognized deductible temporary differences	(5,494)	1,019
Adjustments for prior years' tax	<u>1,339</u>	<u>30,412</u>
Income tax expense recognized in profit or loss	<u>\$ 1,903,787</u>	<u>\$ 1,339,066</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ (2,375)</u>	<u>\$ (924)</u>

c. Current tax liabilities

	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	<u>\$ 923,400</u>	<u>\$ 551,196</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Bad debts over limits	\$ 24,049	\$ 704	\$ -	\$ 24,753
Unrealized loss on inventories	9,234	(373)	-	8,861
Unrealized exchange loss	18,109	(18,109)	-	-
Impairment loss of financial assets at cost	6,161	-	-	6,161
Defined benefit plans	13,342	-	(2,375)	10,967
Pension over limits	<u>3,079</u>	<u>(1,682)</u>	<u>-</u>	<u>1,397</u>
	<u>\$ 73,974</u>	<u>\$ (19,460)</u>	<u>\$ (2,375)</u>	<u>\$ 52,139</u>

Deferred tax liabilities

Unrealized exchange gains	<u>\$ -</u>	<u>\$ 31,778</u>	<u>\$ -</u>	<u>\$ 31,778</u>
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For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Bad debts over limits	\$ 23,517	\$ 532	\$ -	\$ 24,049
Unrealized loss on inventories	8,996	238	-	9,234
Unrealized exchange loss	6,112	11,997	-	18,109
Impairment loss of financial assets at cost	6,161	-	-	6,161
Defined benefit plans	14,266	-	(924)	13,342
Pension over limits	<u>7,499</u>	<u>(4,420)</u>	<u>-</u>	<u>3,079</u>
	<u>\$ 66,551</u>	<u>\$ 8,347</u>	<u>\$ (924)</u>	<u>\$ 73,974</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2024	2023
Deductible temporary differences	<u>\$ 75,932</u>	<u>\$ 104,021</u>

- f. Income tax assessments

The Company's income tax returns through 2022 have been assessed by the tax authorities.

The income tax returns through 2022 for the subsidiaries, Arc Play Ltd Co., Fufafa Technology Ltd Co., Gamejoy Technology Ltd Co. and Shizi Tech Ltd Co. have been assessed by the tax authorities. The subsidiary Lucky Win Limited, established in the United Kingdom, has declared its income tax returns through 2023. The subsidiary Guangzhou Juteng Network Technology Co., Ltd., established in China, has also declared its income tax returns through 2023. Both the subsidiaries TaDa Gaming Holding Ltd and TaDa Gaming Ltd, established in the Malta, have declared their income tax returns through 2023. The subsidiaries FALA PTE. LTD., FaDa B.V. and Skywin Software Co., Ltd. and the sub-subsidiaries of TaDa Gaming CA Ltd, TaDa Gaming UK Ltd and Fluture RO Ltd have no income tax assessments yet. The subsidiary Dumbo Gaming Limited was liquidated in August 2024.

26. EARNINGS PER SHARE

	For the Year Ended December 31	
	2024	2023
Basic earnings per share		
From continuing operations	<u>\$ 32.14</u>	<u>\$ 22.80</u>
Diluted earnings per share		
From continuing operations	<u>\$ 31.78</u>	<u>\$ 22.54</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 30, 2024. The basic and diluted earnings per share were adjusted retrospectively for the year ended December 31, 2023 were as follows:

	Unit: NT\$ Per Share	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	<u>\$ 45.61</u>	<u>\$ 22.80</u>
Diluted earnings per share	<u>\$ 44.55</u>	<u>\$ 22.54</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 9,057,775</u>	<u>\$ 6,425,804</u>

Weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	281,802	281,802
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>3,211</u>	<u>3,327</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>285,013</u>	<u>285,129</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

According to the Group's capital management strategies, the Group plans for future working capital needs, research and development expenses and shareholder expenses based on the current overall economic environment, industry characteristics and future development, to ensure that the entities in the Group would continue as going concerns with long-term shareholders' equity and stable operating performance as goal, and to maximize shareholders' equity.

Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Group adopts the conservative risk management strategy by consideration of the industry scale, industry growth and future product roadmaps.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial instruments that are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

- Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 113,362	\$ -	\$ -	\$ 113,362
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 23,568	\$ -	\$ -	\$ 23,568
Domestic unlisted shares	-	8,255	-	8,255
Foreign listed shares on the GEM	491,876	-	-	491,876
	\$ 515,444	\$ 8,255	\$ -	\$ 523,699

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 109,992	\$ -	\$ -	\$ 109,992
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 39,974	\$ -	\$ -	\$ 39,974
Domestic unlisted shares	-	4,850	-	4,850
Foreign listed shares on the GEM	432,922	-	-	432,922
	\$ 472,896	\$ 4,850	\$ -	\$ 477,746

There were no transfers between Levels 1 and 2 in the current and prior years.

c. Categories of financial instruments

	<u>December 31</u>	
	2024	2023
<u>Financial assets</u>		
Financial assets at FVTPL		
Mutual funds	\$ 113,362	\$ 109,992
Financial assets at amortized cost (1)	15,744,412	12,514,912

(Continued)

	December 31	
	2024	2023
Financial assets at FVTOCI		
Equity instruments	\$ 523,699	\$ 477,746
<u>Financial liabilities</u>		
Amortized cost (2)	4,336,613	3,266,742 (Concluded)

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's financial strategy is mainly based on the principles of conservativeness and soundness. The financial risk management objective is to manage exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce the related financial risks, the Group has established complete approval authority to establish a clear-cut financial decision-making and supervision execution process to reduce the potential adverse effects of market changes on the Group's financial performance.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

The Group's exposure to financial instrument market risks and its management and measurement methods have not changed.

a) Foreign currency risk

The Group's exchange rate risk management is for the purpose of hedging and it does not conduct financial instrument transactions for speculative purposes. The exchange rate risk management strategy is to regularly review the net positions of assets and liabilities in various currencies, and conduct risk management on the net positions; the choice of exchange rate risk avoidance tools is based on the consideration of hedging costs and hedging periods, mainly by using forward foreign exchange agreement to manage the risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the year are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the USD, HKD and CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	HKD Impact (i)		USD Impact (ii)		CNY Impact (iii)	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2024	2023	2024	2023	2024	2023
Profit or loss	\$ 22,109	\$ 21,949	\$ 228,921	\$ 209,280	\$ 10,786	\$ 11,916

- i. This was mainly attributable to the exposure on outstanding HKD receivables and bank deposits, which were not hedged at the end of the year.
- ii. This was mainly attributable to the exposure on outstanding USD receivables, payables and bank deposits, which were not hedged at the end of the year.
- iii. This was mainly attributable to the exposure on outstanding CNY receivables and payables, which were not hedged at the end of the year.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 12,646,498	\$ 9,989,179
Financial liabilities	7,115	1,650
Cash flow interest rate risk		
Financial assets	660,070	453,639

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$6,601 thousand and \$4,536 thousand, respectively, which was mainly due to variable-rate deposits of the Group.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. These investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$5,668 thousand and \$5,500 thousand, respectively; as a result of the changes in fair value of financial assets at FVTPL, and pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$26,185 thousand and \$23,887 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the counterparties of the Group's transactions are financial institutions and corporate organizations with good credit, so no significant credit risk is expected.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's working capital is sufficient so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations.

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

Remuneration of Key Management Personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 325,285	\$ 230,142
Post-employment benefits	<u>578</u>	<u>625</u>
	<u>\$ 325,863</u>	<u>\$ 230,767</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and company profitability.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank financing limit, escrow of points card and project performance bond.

	December 31	
	2024	2023
Land	\$ 347,883	\$ 347,883
Buildings, net	<u>640,308</u>	<u>660,383</u>
	<u>\$ 988,191</u>	<u>\$ 1,008,266</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currency of the Group and the related exchange rates between the foreign currencies and the functional currency were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 142,276	32.785 (USD:NTD)	\$ 4,664,529
HKD	104,730	4.222 (HKD:NTD)	442,171
CNY	49,634	4.478 (CNY:NTD)	222,260
EUR	2,448	34.14 (EUR:NTD)	83,565
MYR	5,828	7.066 (MYR:NTD)	<u>41,179</u>
			<u>\$ 5,453,704</u>
Non-monetary items			
Financial assets at FVTOCI - non-current			
CNY	109,843	4.478 (CNY:NTD)	<u>\$ 491,876</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,627	32.785 (USD:NTD)	\$ 86,119
JPY	77,546	0.2099 (JPY:NTD)	16,277
CNY	1,459	4.478 (CNY:NTD)	<u>6,531</u>
			<u>\$ 108,927</u>

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 138,438	30.705 (USD:NTD)	\$ 4,250,730
HKD	111,728	3.929 (HKD:NTD)	438,981
CNY	55,937	4.327 (CNY:NTD)	242,038
EUR	1,908	33.98 (EUR:NTD)	64,838
MYR	5,030	6.411 (MYR:NTD)	<u>32,246</u>
			<u>\$ 5,028,833</u>
Non-monetary items			
Financial assets at FVTOCI - non-current			
CNY	100,051	4.327 (CNY:NTD)	<u>\$ 432,922</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,121	30.705 (USD:NTD)	\$ 65,121
JPY	105,641	0.2172 (JPY:NTD)	22,945
CNY	860	4.327 (CNY:NTD)	<u>3,720</u>
			<u>\$ 91,786</u>

The Group's functional currency is the New Taiwan dollar. The following information is summarized and expressed in terms of the functional currencies of foreign entities translated into the New Taiwan dollars. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	2024		2023	
Functional Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Losses
NTD	1 (NTD:NTD)	<u>\$ 282,666</u>	1 (NTD:NTD)	<u>\$ (47,890)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others. (Non-applicable)
- 2) Endorsements/guarantees provided. (Non-applicable)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (Non-applicable)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (Table 2)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (Non-applicable)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (Non-applicable)
- 10) Other: Intercompany relationships and significant intercompany transactions. (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
 - 2) Any significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment term, and unrealized gains or losses. (Non-applicable)
- d. Information of major shareholder: List of all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Non-applicable)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	2024	2023	2024	2023
Arcade game division	\$ 7,006,415	\$ 7,221,295	\$ 3,443,281	\$ 3,729,343
Online game division	<u>11,506,410</u>	<u>6,954,500</u>	<u>7,481,593</u>	<u>4,262,273</u>
Net income from continuing operation	<u>\$ 18,512,825</u>	<u>\$ 14,175,795</u>	10,924,874	7,991,616
Interest income			301,356	259,574
Other income			47,973	17,046
Net gain on financial assets at FVTPL			2,018	2,206
Net gain (loss) on foreign currency exchange			282,666	(47,890)
Financial costs			(195)	(85)
General and administrative expenses			<u>(597,569)</u>	<u>(457,548)</u>
Profit before income tax			<u>\$ 10,961,123</u>	<u>\$ 7,764,919</u>

The above operating revenue is generated from the transactions with external customers. There were no transactions between the segments in 2024 and 2023.

Segment profit represents the profit before tax earned by each segment, not including interest revenue, other income, net gain on financial assets at FVTPL, net foreign exchange gain (loss), financial cost, management expenses that should be apportioned and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The measurement of the Group's assets is not provided to the chief operating decision maker, and therefore segment assets and liabilities were not shown.

c. Other segment information

	Depreciation and Amortization For the Year Ended December 31	
	2024	2023
Arcade game division	\$ 75,980	\$ 46,816
Online game division	34,510	25,211
Others	<u>62,136</u>	<u>43,672</u>
	<u>\$ 172,626</u>	<u>\$ 115,699</u>

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2024	2023
Revenue from the rendering of services	\$ 7,008,980	\$ 7,062,178
Revenue from royalties	10,300,265	6,081,137
Revenue from sale of arcade games	<u>1,203,580</u>	<u>1,032,480</u>
	<u>\$ 18,512,825</u>	<u>\$ 14,175,795</u>

e. Geographical information

The Group operates in four principal geographical areas - Taiwan (ROC), United Kingdom, Curaçao and Malta.

The Group's revenue from continuing operations from external customers by location of operations are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2024	2023
Taiwan (ROC)	\$ 16,187,873	\$ 12,115,917
United Kingdom	2,034,518	2,059,878
Curaçao	289,542	-
Malta	<u>892</u>	<u>-</u>
	<u>\$ 18,512,825</u>	<u>\$ 14,175,795</u>

f. Information about major customers

Revenue from arcade game division and online game division was \$18,512,825 thousand and \$14,175,795 thousand in 2024 and 2023, respectively; of which revenue of approximately \$2,575,820 thousand and \$2,601,269 thousand was from sales to the Group's largest customer.

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2024		2023	
Customer Code Name	Sales	Percentage of Operating Income (%)	Sales	Percentage of Operating Income (%)
Customer A	\$ 2,575,820	14	\$ 2,601,269	18
Customer B	1,109,570	6	1,381,123	10

TABLE 1

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
International Games System Co., Ltd.	<u>Mutual funds</u>							
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	968,213.55	\$ 10,439	-	\$ 10,439	Note 1
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	981,636.30	14,712	-	14,712	Note 1
	Prudential Financial Money Market Fund	-	Financial assets at FVTPL - current	778,590.90	12,838	-	12,838	Note 1
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	718,767.70	10,427	-	10,427	Note 1
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	679,301.68	10,509	-	10,509	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - current	665,114.70	10,491	-	10,491	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at FVTPL - current	659,061.10	10,523	-	10,523	Note 1
	Nomura Global Short Duration Bond Fund	-	Financial assets at FVTPL - current	61,319.21	23,013	-	23,013	Note 1
	JKO Pion Money Market Fund	-	Financial assets at FVTPL - current	866,934.26	10,410	-	10,410	Note 1
	<u>Common stock</u>							
	iBase Gaming Inc.	-	Financial assets at FVTOCI - non-current	372,300	13,273	0.70	13,273	Note 2
	Game Hours Inc.	-	Financial assets at FVTOCI - non-current	562,274	10,295	6.29	10,295	Note 2
	Silan Corporation	-	Financial assets at FVTOCI - non-current	80,937	8,255	0.77	8,255	Note 3
	Guangzhou Wahlap Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,275,700	491,876	2.91	491,876	Note 4
	High Connection Density, Inc.	-	Financial assets at FVTOCI - non-current	500,000	-	1.06	-	

Note 1: The market price of mutual funds is estimated based on the value of the fund’s net assets on December 31, 2024.

Note 2: The fair value of the OTC stocks and emerging stocks are calculated based on the closing price on December 31, 2024.

Note 3: The unlisted stocks are calculated based on the fair value evaluation on December 31, 2024.

Note 4: The fair value of Guangzhou Wahlap Technology Co., Ltd. is calculated based on the closing price on December 31, 2024.

TABLE 2

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
International Games System Co., Ltd.	Land and buildings	May 29, 2024 (Note)	\$ 2,326,000	Full payment has been completed	Taiwan New Taipei District Court	-	-	-	-	\$ -	The final auction price for the court-ordered sale	To meet the Company’s operating need in the future	None

Note: The event date refers to the auction date for the court-ordered sale of the real estate.

TABLE 3

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
International Games System Co., Ltd.	Lucky Win Limited	Subsidiary	Licensing revenue	\$ 1,993,828	10.80	Collect receivables according to the contract period	\$ -	-	\$ 297,373	11.65	
Lucky Win Limited	International Games System Co., Ltd.	Parent company	Royalty cost	1,993,828	100.00	Collect receivables according to the contract period	-	-	(297,373)	100.00	
International Games System Co., Ltd.	Fufafa Technology Ltd Co.	Subsidiary	Licensing revenue	1,760,008	9.53	Collect receivables according to the contract period	-	-	365,434	14.31	
Fufafa Technology Ltd Co.	International Games System Co., Ltd.	Parent company	Royalty cost	1,760,008	100.00	Collect receivables according to the contract period	-	-	(365,434)	100.00	
International Games System Co., Ltd.	FaDa B.V.	Subsidiary	Licensing revenue	283,751	1.54	Collect receivables according to the contract period	-	-	116,987	4.58	
FaDa B.V.	International Games System Co., Ltd.	Parent company	Royalty cost	283,751	100.00	Collect receivables according to the contract period	-	-	(116,987)	100.00	

Note: All transactions mentioned above were all eliminated when preparing the consolidated financial statements.

TABLE 4

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Action Taken		
International Games System Co., Ltd.	Lucky Win Limited	Subsidiary	\$ 297,373	-	\$ -	-	\$ 297,373	\$ -
	Fufafa Technology Ltd Co	Subsidiary	365,434	-	-	-	355,451	-
	FaDa B.V.	Subsidiary	116,987	-	-	-	116,987	-
	Arc Play Ltd Co. (Note 1)	Subsidiary	104,635	-	-	-	99,057	-

Note 1: Including accounts receivable of \$1,927 thousand and other receivables - collect on behalf of online game revenue of \$102,708 thousand.

Note 2: All transactions mentioned above were all eliminated when preparing the consolidated financial statements.

TABLE 5

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	International Games System Co., Ltd.	Lucky Win Limited	a	Accounts receivable - related parties	\$ 297,373	As agreed by both parties	1.34
		Lucky Win Limited	a	Licensing revenue	1,993,828	As agreed by both parties	10.77
		Arc Play Ltd Co.	a	Accounts receivable - related parties	1,927	As agreed by both parties	0.01
		Arc Play Ltd Co.	a	Other receivables - related parties	102,708	As agreed by both parties	0.46
		Arc Play Ltd Co.	a	Licensing revenue	6,806	As agreed by both parties	0.04
		Fufafa Technology Ltd Co.	a	Accounts receivable - related parties	365,434	As agreed by both parties	1.65
		Fufafa Technology Ltd Co.	a	Licensing revenue	1,760,008	As agreed by both parties	9.51
		FaDa B.V.	a	Accounts receivable - related parties	116,987	As agreed by both parties	0.53
		FaDa B.V.	a	Licensing revenue	283,751	As agreed by both parties	1.53

Note 1: Intercompany relationship information between the parent and subsidiaries should be indicated in the number column respectively, and the number should be filled in as follows:

- a. Parent is numbered 0.
- b. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the Company.

Note 2: The relationships with counterparties:

- a. Parent to subsidiaries.
- b. Subsidiaries to parent.
- c. Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset or liability item, the ratio is calculated with the ending balance of the consolidated total assets as the denominator; if it is a profit and loss item, the ratio is calculated with the midterm accumulated amount of the total consolidated revenue as the denominator.

Note 4: All transactions mentioned above were all eliminated when preparing the consolidated financial statements.

TABLE 6

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee (Note 1)	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
International Games System Co., Ltd.	Lucky Win Limited	Grove House, 2nd Floor 774 - 780 Wilmslow Road Didsbury Manchester, United Kingdom M20 2DR	Online game sales and service	\$ 3,182 (GBP 80 thousand)	\$ 3,182 (GBP 80 thousand)	-	100.00	\$ 194,615	\$ 43,016 (GBP 1,057 thousand)	\$ 43,016 (GBP 1,057 thousand)	Subsidiary
	TaDa Gaming Holding Ltd	LEVEL G, (OFFICE 1/0480), QUANTUM HOUSE, 75, ABATE RIGORD STREET, TA' XBIEX Malta	Investment	84,934 (EUR 2,500 thousand)	42,743 (EUR 1,300 thousand)	-	100.00	55,579	(14,666) (EUR -422 thousand)	(14,666) (EUR -422 thousand)	Subsidiary (Note 2)
	FALA PTE LTD.	6 TEMASEK BOULEVARD #09-05 SUNTEC TOWER FOUR, SINGAPORE	Online game sales and service	9,301 (US\$ 300 thousand)	-	-	100.00	3,153	(6,558) (SGD -270 thousand)	(6,558) (SGD -270 thousand)	Subsidiary (Note 3)
	FaDa B.V.	Schottegatweg Oost 10 Unit 1-9 Bon Bini Business Center Curacao	Online game sales and service	342 (EUR 10 thousand)	-	-	100.00	8,131	7,855 (EUR 228 thousand)	7,855 (EUR 228 thousand)	Subsidiary (Note 4)
	Dumbo Gaming Ltd Co.	1F., No. 130, Wugong Rd., Wugu Dist., New Taipei City 248016, Taiwan (R.O.C.)	Online game sales and service	-	1,000	-	-	-	(80)	(80)	Subsidiary (Note 6)
	Arc Play Ltd Co.	1F., No. 130, Wugong Rd., Wugu Dist., New Taipei City 248016, Taiwan (R.O.C.)	Online game sales and service	1,000	1,000	-	100.00	4,527	2,346	2,346	Subsidiary
	Shizi Tech Ltd Co.	1F., No. 130, Wugong Rd., Wugu Dist., New Taipei City 248016, Taiwan (R.O.C.)	Online game sales and service	1,000	1,000	-	100.00	3,117	1,559	1,559	Subsidiary
	Fufafa Technology Ltd Co.	1F., No. 130, Wugong Rd., Wugu Dist., New Taipei City 248016, Taiwan (R.O.C.)	Online game sales and service	1,000	1,000	-	100.00	6,325	4,928	4,928	Subsidiary
	Gamejoy Technology Co., Ltd.	1F., No. 130, Wugong Rd., Wugu Dist., New Taipei City 248016, Taiwan (R.O.C.)	Online game sales and service	1,000	1,000	-	100.00	850	(64)	(64)	Subsidiary
	Skywin Software Co., Ltd.	1F., No. 130, Wugong Rd., Wugu Dist., New Taipei City 248016, Taiwan (R.O.C.)	Online game sales and service	-	-	-	-	-	(125)	(125)	Subsidiary (Note 5)
TaDa Gaming Holding Ltd	TaDa Gaming Ltd	LEVEL G, (OFFICE 1/0355), QUANTUM HOUSE, 75, ABATE RIGORD STREET, TA' XBIEX Malta	Online game sales and service	50,818 (EUR 1,500 thousand)	25,989 (EUR 800 thousand)	-	100.00	22,808	(13,575) (EUR -391 thousand)	(13,575) (EUR -391 thousand)	Sub-subsubsidiary (Note 2)
	TaDa Gaming CA Ltd	Level G, (Office 1/1165), Quantum House, 75, Abate Rigord Street, Ta Xbiex XBX 1120 Malta	Online game sales and service	17,362 (EUR 500 thousand)	-	-	100.00	16,493	(600) (EUR -17 thousand)	(600) (EUR -17 thousand)	Sub-subsubsidiary (Note 2)
	TaDa Gaming UK Ltd	Level G (Office 1/1164), Quantum House 75, Abate Rigord Street, Ta' Xbiex XBX 1120 Malta	Online game sales and service	340 (EUR 10 thousand)	-	-	100.00	342	-	-	Sub-subsubsidiary (Note 2)
	Fluture RO Ltd	Level G (Office 1/1166), Quantum House 75, Abate Rigord Street, Ta' Xbiex XBX 1120 Malta	Online game sales and service	340 (EUR 10 thousand)	-	-	100.00	342	-	-	Sub-subsubsidiary (Note 2)

Note 1: In preparing the consolidated financial statements, the income on investment between reinvestment companies, long-term equity investments of investor companies and net equity between investee companies have been eliminated.

Note 2: On October 31, 2023, the Company established TaDa Gaming UK Ltd, TaDa Gaming CA Ltd, and Fluture RO Ltd. Additionally, on May 12, 2023, June 25, 2024, and August 13, 2024, the Company increased capital in TaDa Gaming Holding Ltd by \$16,820 thousand, \$17,362 thousand, and \$24,829 thousand, respectively. Furthermore, on June 25, 2024, TaDa Gaming Holding Ltd increased capital in TaDa Gaming CA Ltd by \$17,362 thousand, on August 13, 2024, increased capital in TaDa Gaming Ltd by \$24,829 thousand, and on October 30, 2024, increased capital in both TaDa Gaming UK Ltd and Fluture RO Ltd by \$340 thousand each.

Note 3: The Company established FALA PTE. LTD on September 7, 2023, and the capital was contributed on January 5, 2024.

Note 4: The Company established FaDa B.V. on November 23, 2023, and the capital was contributed on February 23, 2024.

Note 5: The Company established Skywin Software Co., Ltd. on February 29, 2024, and its dissolution was approved on December 19, 2024. The liquidation process is still ongoing.

Note 6: Dumbo Gaming Ltd Co. was dissolved on March 22, 2024, and the liquidation process was completed on August 22, 2024.

Note 7: Please refer to Table 7 for information on investments in mainland China.

TABLE 7

INTERNATIONAL GAMES SYSTEM CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (Note 1)	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Amount as of December 31, 2024 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Guangzhou Juteng Network Technology Co., Ltd.	Developing and producing computer software and selling self-produced products; integrated computer system; providing information consultation, technical training and technical services.	\$ 333,101 (CNY 74,386 thousand)	Direct investment in China	\$ 258,346 (US\$ 7,880 thousand)	\$ -	\$ -	\$ 258,346 (US\$ 7,880 thousand)	\$ 1,998 (CNY 450 thousand)	78.01	\$ 1,558 (CNY 351 thousand)	\$ 10,945 (CNY 2,444 thousand)	\$ -	

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$258,346 (US\$7,880 thousand)	\$324,309 (US\$9,892 thousand)	\$9,831,009

Note 1: In preparing the consolidated financial statements, the income on investment between reinvestment companies, long-term equity investments of investor companies, and net equity between investee companies have been eliminated.

Note 2: Based on the exchange rate at the financial reporting date, USD converted to NTD at US\$1=NT\$32.785 and CNY converted to NTD at CNY1=NT\$4.478.