

Addcn Technology Co., Ltd.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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Independent Auditors' Report

To the Board of Directors of Addcn Technology Co., Ltd.:

Opinion

We have audited the financial statements of Addcn Technology Co., Ltd. ("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company 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 of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming in our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to note 4(n) for the accounting policy of revenue and note 6(t) for composition of revenue.

Description of key audit matter:

Sales Revenue of the Company is mainly generated from operating online platforms. The way of revenue recognition varies by different types of transactions and its economic substances. Also, there is a large volume of transactions through the online platforms day-by-day with system-controlled trading information and procedures.

Therefore, transaction information and the timing of revenue recognition is an important issue in our audit of the consolidated financial statements.

How the matter was addressed with our audit:

Our principal audit procedures included: understanding trading models of each online platform and its principal system-based application control and manual control, including involving ITA specialist in testing the general information technology environment and related application control of their main transaction processes; obtaining the monthly income statement generated by the system of online platforms, assessing whether the system processes transaction information appropriately, and inspecting some samples of accounting vouchers to see if they agree with the monthly income statement generated by the system.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period 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 audit resulting in this independent auditors' report are Luo, Re-Chih and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)

March 26, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Adden Technology Co., Ltd.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 634,902	18	547,610	17	2151	Notes payable and trade payable	\$ 32	-	18	-
1170	Notes receivable and trade receivable, net (notes 6(d) and (t))	87,738	3	76,895	2	2180	Trade payable to related parties (note 7)	41,088	1	107,972	3
1181	Trade receivable due from related parties (note 7)	57,461	2	64,547	2	2200	Other payables (notes 6(l) and 7)	270,433	8	227,695	7
1476	Other current financial assets (notes 6(j), 7 and 8)	676,490	19	660,864	22	2131	Contract liabilities (note 6(t))	304,825	9	281,548	9
1479	Other current assets, others (note 6(k))	<u>41,299</u>	<u>1</u>	<u>19,243</u>	<u>1</u>	2335	Receipts under custody (note 6(l))	541,311	16	522,338	16
		<u>1,497,890</u>	<u>43</u>	<u>1,369,159</u>	<u>44</u>	2322	Long-term borrowings, current portion (notes 6(m) and 8)	13,242	-	8,868	-
						2399	Other current liabilities, others	<u>6,398</u>	<u>-</u>	<u>3,704</u>	<u>-</u>
								<u>1,177,329</u>	<u>34</u>	<u>1,152,143</u>	<u>35</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	121,712	4	61,282	2						
1518	Equity investment at fair value through other comprehensive income (note 6(c))	113,367	3	128,843	4	2540	Long-term borrowings (notes 6(m) and 8)	172,116	5	111,189	4
1521	Debt investment at fair value through other comprehensive income (note 6(c))	11,773	-	11,184	-	2645	Guarantee deposits received	71,225	2	65,435	2
1550	Investments accounted for using equity method (note 6(e))	955,466	27	955,565	30	2670	Other non-current liabilities, others (note 6(p))	<u>19,493</u>	<u>1</u>	<u>2,014</u>	<u>-</u>
1600	Property, plant and equipment (notes 6(f) and 8)	440,618	13	449,977	14			<u>262,834</u>	<u>8</u>	<u>178,638</u>	<u>6</u>
1760	Investment property, net (notes 6(h) and 8)	241,100	7	138,408	4			<u>1,440,163</u>	<u>42</u>	<u>1,330,781</u>	<u>41</u>
1780	Intangible assets (note 6(i))	64,673	2	73,583	2		Total liabilities				
1840	Deferred tax assets (note 6(p))	3,852	-	6,441	-	3110	Ordinary share	558,739	16	507,950	16
1995	Other non-current assets, others (notes 6(g) and (k))	<u>25,788</u>	<u>1</u>	<u>4,544</u>	<u>-</u>	3200	Capital surplus	383,929	11	382,425	12
		<u>1,978,349</u>	<u>57</u>	<u>1,829,827</u>	<u>56</u>	3300	Retained earnings	1,435,052	41	1,296,516	41
						3400	Other equity interest	<u>(341,644)</u>	<u>(10)</u>	<u>(318,686)</u>	<u>(10)</u>
							Total equity	<u>2,036,076</u>	<u>58</u>	<u>1,868,205</u>	<u>59</u>
							Total liabilities and equity	<u>\$ 3,476,239</u>	<u>100</u>	<u>3,198,986</u>	<u>100</u>
Total assets		<u>\$ 3,476,239</u>	<u>100</u>	<u>3,198,986</u>	<u>100</u>						

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Addcn Technology Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

		2023		2022	
		Amount	%	Amount	%
4000	Total operating revenue (notes 6(t) and 7)	\$ 2,097,523	100	1,894,507	100
5000	Operating costs (notes 6(o), (r), (u) and 7)	<u>722,723</u>	<u>34</u>	<u>638,696</u>	<u>34</u>
5900	Gross profit from operations	<u>1,374,800</u>	<u>66</u>	<u>1,255,811</u>	<u>66</u>
6000	Operating expenses (notes 6(o), (r), (u) and 7):				
6100	Selling expenses	233,776	11	215,042	11
6200	Administrative expenses	211,335	10	183,619	10
6300	Research and development expenses	<u>103,872</u>	<u>5</u>	<u>69,227</u>	<u>4</u>
	Total operating expenses	<u>548,983</u>	<u>26</u>	<u>467,888</u>	<u>25</u>
6900	Net operating income	<u>825,817</u>	<u>40</u>	<u>787,923</u>	<u>41</u>
	Non-operating income and expenses (notes 6(v) and 7):				
7100	Interest income	8,430	-	3,485	-
7010	Other income	12,806	1	15,209	1
7020	Other gains and losses, net	983	-	(4,328)	-
7050	Finance cost	(2,760)	-	(1,805)	-
7375	Share of profit of associates accounted for using equity method (note 6(e))	<u>43,429</u>	<u>2</u>	<u>22,842</u>	<u>1</u>
	Total non-operating income and expenses	<u>62,888</u>	<u>3</u>	<u>35,403</u>	<u>2</u>
	Profit before income tax	888,705	43	823,326	43
7950	Less: Income tax expenses (note 6(p))	<u>177,926</u>	<u>8</u>	<u>158,779</u>	<u>8</u>
	Profit	<u>710,779</u>	<u>35</u>	<u>664,547</u>	<u>35</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(11,600)	-	30,628	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(11,600)</u>	<u>-</u>	<u>30,628</u>	<u>2</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(15,824)	(1)	12,196	1
8367	Unrealized (losses) gains from investments in debt instruments measured at fair value through other comprehensive income	578	-	(3,478)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(15,246)</u>	<u>(1)</u>	<u>8,718</u>	<u>1</u>
8300	Other comprehensive income	<u>(26,846)</u>	<u>(1)</u>	<u>39,346</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 683,933</u>	<u>34</u>	<u>703,893</u>	<u>38</u>
9750	Basic earnings per share (NT dollars) (note 6(s))	<u>\$ 12.74</u>		<u>11.93</u>	
9850	Diluted earnings per share (NT dollars) (note 6(s))	<u>\$ 12.62</u>		<u>11.83</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Adden Technology Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings						Other equity interest				
	Ordinary shares	Stock dividend to be distributed	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	Total other equity interest	Total equity
Balance at January 1, 2022	\$ 429,370	78,615	507,985	380,740	463,468	280,437	620,631	1,364,536	(100,558)	(161,403)	(16,235)	(278,196)	1,975,065
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	-	61,243	-	(61,243)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	10,453	(10,453)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	(802,581)	(802,581)	-	-	-	-	(802,581)
Stock dividends of ordinary shares	78,615	(78,615)	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(18,477)	18,477	-	-	-	-	-	-
	<u>78,615</u>	<u>(78,615)</u>	<u>-</u>	<u>-</u>	<u>61,243</u>	<u>(8,024)</u>	<u>(855,800)</u>	<u>(802,581)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(802,581)</u>
Profit for the year ended December 31, 2022	-	-	-	-	-	-	664,547	664,547	-	-	-	-	664,547
Other comprehensive income for the year ended December 31,2022	-	-	-	-	-	-	-	-	12,196	27,150	-	39,346	39,346
Total comprehensive income for the year ended December 31,2022	-	-	-	-	-	-	664,547	664,547	12,196	27,150	-	39,346	703,893
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(21,027)	(21,027)	-	-	-	-	(21,027)
Share-based payments	-	-	-	2,366	-	-	-	-	-	-	10,489	10,489	12,855
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	91,041	91,041	-	(91,041)	-	(91,041)	-
Expiration of restricted stock awards	(35)	-	(35)	(681)	-	-	-	-	-	-	716	716	-
Balance on December 31, 2022	507,950	-	507,950	382,425	524,711	272,413	499,392	1,296,516	(88,362)	(225,294)	(5,030)	(318,686)	1,868,205
Appropriation and distribution of retained earnings:													
Special reserve	-	-	-	-	-	76,679	(76,679)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(513,025)	(513,025)	-	-	-	-	(513,025)
Stock dividends of ordinary share	50,795	-	50,795	-	-	-	(50,795)	(50,795)	-	-	-	-	-
	<u>50,795</u>	<u>-</u>	<u>50,795</u>	<u>-</u>	<u>-</u>	<u>76,679</u>	<u>(640,499)</u>	<u>(563,820)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(513,025)</u>
Profit for the year ended December 31, 2023	-	-	-	-	-	-	710,779	710,779	-	-	-	-	710,779
Other comprehensive income for the year ended December 31,2023	-	-	-	-	-	-	-	-	(15,824)	(11,022)	-	(26,846)	(26,846)
Total comprehensive income for the year ended December 31,2023	-	-	-	-	-	-	710,779	710,779	(15,824)	(11,022)	-	(26,846)	683,933
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(8,423)	(8,423)	-	-	-	-	(8,423)
Share-based payments	-	-	-	1,625	-	-	-	-	-	-	3,761	3,761	5,386
Expiration of restricted stock awards	(6)	-	(6)	(121)	-	-	-	-	-	-	127	127	-
Balance on December 31, 2023	<u>\$ 558,739</u>	<u>-</u>	<u>558,739</u>	<u>383,929</u>	<u>524,711</u>	<u>349,092</u>	<u>561,249</u>	<u>1,435,052</u>	<u>(104,186)</u>	<u>(236,316)</u>	<u>(1,142)</u>	<u>(341,644)</u>	<u>2,036,076</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 888,705	823,326
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	27,199	23,701
Amortization expense	8,910	9,132
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(362)	5,895
Interest expense	2,760	1,805
Interest income	(8,430)	(3,485)
Dividend income	-	(1,548)
Share-based payments	5,386	12,855
Share of profit of subsidiaries and associates accounted for using equity method	(43,429)	(22,842)
Gain from disposal of investments	-	507
Unrealized foreign exchange gain	(79)	(2,342)
Total adjustments to reconcile (Loss) profit	<u>(8,045)</u>	<u>23,678</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in trade receivables	(10,843)	8,744
Trade receivables due from related parties	7,086	(27,363)
Prepayments	-	903
Other current assets	(22,056)	1,757
Other financial assets	394	(558)
Total changes in operating assets	<u>(25,419)</u>	<u>(16,517)</u>
Changes in operating liabilities:		
Notes payable and accounts payable	14	10
Accounts payable to related parties	(66,884)	41,383
Other payable	34,712	17,684
Contract liabilities	23,277	24,134
Other current liabilities	86	(967)
Receipts under custody	18,973	5,084
Total changes in operating liabilities	<u>10,178</u>	<u>87,328</u>
Total changes in operating assets and liabilities	<u>(15,241)</u>	<u>70,811</u>
Total adjustments	<u>(23,286)</u>	<u>94,489</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Adden Technology Co., Ltd.**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash inflow generated from operations	865,419	917,815
Interest received	8,419	3,461
Interest paid	(2,753)	(1,778)
Income taxes paid	(167,758)	(146,814)
Net cash flows from operating activities	703,327	772,684
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(63,836)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	103,362
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,000	3,000
Acquisition of financial assets at fair value through profit or loss	(60,000)	(50,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,831
Acquisition of investments accounted for using equity method	-	(60,300)
Acquisition of property, plant and equipment	(11,388)	(18,997)
Increase in refundable deposits	(874)	-
Acquisition of investment properties	(104,459)	-
Increase in other financial assets	(16,010)	(6,910)
Dividends received	21,157	16,141
Net cash flows used in investing activities	(169,574)	(72,709)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	75,490	-
Repayments of long-term debt	(10,189)	(8,868)
Increase in guarantee deposits received	5,790	8,170
Payment of lease liabilities	(4,527)	(3,750)
Cash dividends paid	(513,025)	(802,581)
Net cash flows used in financing activities	(446,461)	(807,029)
Net increase in cash and cash equivalents	87,292	(107,054)
Cash and cash equivalents at beginning of period	547,610	654,664
Cash and cash equivalents at end of period	\$ 634,902	547,610

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Addcn Technology Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Addcn Technology Co., Ltd. (the “Company”) was incorporated in January 23, 2007 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The Company was registered in 10F, No.12, Lane 609, Sec 5, Chungshin Rd., Sanchung Dist., New Taipei City. The major business activities of the Company are online trade platform operation and services. The Company’s common shares were listed on the Taipei Exchange (TPEx) since January 20, 2014.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issue by the Board of Directors on March 14, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

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

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

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

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

The financial statements have been prepared on a historical cost basis, except fair value through other comprehensive income are measured at fair value.

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value.

- (ii) Functional and presentation currency

The functional currency of each Company Entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

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

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

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

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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Adden Technology Co., Ltd.
Notes to the Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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Notes to the Financial Statements

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

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Addcn Technology Co., Ltd.
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5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

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Adden Technology Co., Ltd.
Notes to the Financial Statements

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 1 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 60 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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Notes to the Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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Notes to the Financial Statements

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statements are the same as those attributed to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries that do not result in the loss of control are recognized as equity transaction.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	50 years
2) Office equipment	1~5 years
3) Lease improvements	1~5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fix payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of printer and a part of office that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, computer softwares and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(Continued)

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The estimated useful lives for current and comparative periods are as follows:

- | | |
|---------------------------|------------|
| 1) Trademarks | 6~10 years |
| 2) Computer softwares | 3~10 years |
| 3) Customer relationships | 10 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

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Notes to the Financial Statements

1) Online advertising platform services

The Company provides advertising services to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the actual advertising hours spent relative to the total expected advertising hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

2) Commission

The Company only acts as a platform provider when it provides online trading platform services. Commission is received by a fixed proportion of transaction price when the buyer and seller confirm that the transaction is finished.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors decide the date of capital increase.

(q) **Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options.

(s) Operating segments

The Company discloses its segment information in the consolidated financial statements. Therefore, the Company need not disclose segment information in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

- (a) Judgment of whether the Company has substantive control over its investees.

The Company holds 30.29% of the outstanding voting shares of Digit Marketing Co., Ltd. and is the single largest shareholder of the investee. Although the remaining 69.71% of Digit Marketing Co., Ltd.'s shares are not concentrated within specific shareholders, the Company still cannot obtain more than half of the total number of Digit Marketing Co., Ltd.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence on Digit Marketing Co., Ltd..

For the assumptions and estimation uncertainties, there were no significant risk resulting in a material adjustment within the next financial year.

The Company's accounting policies includes measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to note 6(x) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 60	50
Demand deposits and check deposits	634,842	547,560
Cash and cash equivalents in the statement of cash flows	<u><u>\$ 634,902</u></u>	<u><u>547,610</u></u>

Please refer to note 6(x) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

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

	December 31, 2023	December 31, 2022
Mandatorily measured as at fair value through profit or loss:		
Corporate bonds Apple Inc.	\$ 11,712	11,282
Wisdom Capital Limited Partnership	110,000	50,000
Total	<u>\$ 121,712</u>	<u>61,282</u>

(c) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income:	<u>\$ 11,773</u>	<u>11,184</u>
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks	\$ 18,141	18,141
Domestic unlisted stocks	95,226	110,702
	<u>\$ 113,367</u>	<u>128,843</u>

(i) Debt investments at fair value through other comprehensive income

The Company has assessed that the following securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

During the year ended December 31, 2022, the dividends of \$1,548 thousand, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized. There is no such transaction during the year ended December 31, 2023.

The Company sold all the shares held in Cherri Tech Inc. on April 12, 2022 due to investment strategy, which was an equity investment at fair value through other comprehensive income. The fair value of the shares was \$96,599 thousand when disposed and the cumulative gains on disposal amounted to \$91,599 thousand, which has been transferred to retained earnings from other equity.

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Adden Technology Co., Ltd.
Notes to the Financial Statements

The Company sold all the shares held in Jacker Cleaning Inc. on January 13, 2022 due to investment strategy, which was an equity investment at fair value through other comprehensive income. The fair value of the shares was \$6,763 thousand when disposed and the cumulative loss on disposal amounted to \$558 thousand, which has been transferred to retained earnings from other equity.

Element III Venture Capital Co., Ltd. reduced capital in May 2023 and May 2022 and the Company has received \$2,000 thousands and \$3,000 thousands, respectively, as capital return.

No strategic investments were disposed for the year ended December 31, 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

- (iii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(x).
- (iv) None of the financial assets above are pledged as collateral for long-term borrowings.

(d) Trade receivables

	December 31, 2023	December 31, 2022
Trade receivables	\$ 87,741	76,898
Less: Loss allowance	(3)	(3)
	\$ 87,738	76,895

- (i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 87,741	0%	3
1 to 60 days past due	-	10%~20%	-
More than 61 days past due	-	20%~100%	-
Total	\$ 87,741		3

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 76,898	0%	3
1 to 60 days past due	-	10%~20%	-
More than 61 days past due	-	20%~100%	-
Total	\$ 76,898		3

(ii) The movement in the allowance for trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 3	20,998
Write-offs of uncollectible for the period	-	(20,995)
Balance at December 31	\$ 3	3

(iii) The aforementioned trade receivables of the Company had not been pledged as collateral for long-term borrowings.

(e) Investments accounted for using equity method

The details of the investments accounted for using equity method were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 862,228	880,266
Associates	93,238	75,299
	\$ 955,466	955,565

(i) Subsidiaries

For the related information, please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Associates

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	\$ 93,238	75,299

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

	2023	2022
Share of net assets of associates as of January 1	\$ 75,299	63,690
Profit attributable to the Company	37,221	28,077
Other comprehensive income attributable to the Company	1,875	(1,875)
Dividends received from associates	(21,157)	(14,593)
Share of net assets of associates as of December 31	<u><u>\$ 93,238</u></u>	<u><u>75,299</u></u>

The Company does not have any contingent liabilities arising from associate with other investor or for individual responsibility.

As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(f) **Property, plant and equipment**

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and constructions	Office equipment	Leasehold improvements	Total
Cost or deemed cost:					
Balance at January 1, 2023	\$ 282,705	212,658	99,108	15,780	610,251
Additions	-	2,151	9,237	-	11,388
Disposals	-	-	(3,198)	-	(3,198)
Balance at December 31, 2023	<u><u>\$ 282,705</u></u>	<u><u>214,809</u></u>	<u><u>105,147</u></u>	<u><u>15,780</u></u>	<u><u>618,441</u></u>
Balance at January 1, 2022	\$ 282,705	206,720	86,341	15,780	591,546
Additions	-	5,938	13,059	-	18,997
Disposals	-	-	(292)	-	(292)
Balance at December 31, 2022	<u><u>\$ 282,705</u></u>	<u><u>212,658</u></u>	<u><u>99,108</u></u>	<u><u>15,780</u></u>	<u><u>610,251</u></u>
Depreciation and impairments losses:					
Balance at January 1, 2023	\$ -	62,543	83,821	13,910	160,274
Depreciation	-	11,635	7,931	1,181	20,747
Disposals	-	-	(3,198)	-	(3,198)
Balance at December 31, 2023	<u><u>\$ -</u></u>	<u><u>74,178</u></u>	<u><u>88,554</u></u>	<u><u>15,091</u></u>	<u><u>177,823</u></u>
Balance at January 1, 2022	\$ -	51,562	77,891	12,729	142,182
Depreciation	-	10,981	6,222	1,181	18,384
Disposals	-	-	(292)	-	(292)
Balance at December 31, 2022	<u><u>\$ -</u></u>	<u><u>62,543</u></u>	<u><u>83,821</u></u>	<u><u>13,910</u></u>	<u><u>160,274</u></u>
Carrying amounts:					
Balance at December 31, 2023	<u><u>\$ 282,705</u></u>	<u><u>140,631</u></u>	<u><u>16,593</u></u>	<u><u>689</u></u>	<u><u>440,618</u></u>
Balance at January 1, 2022	<u><u>\$ 282,705</u></u>	<u><u>155,158</u></u>	<u><u>8,450</u></u>	<u><u>3,051</u></u>	<u><u>449,364</u></u>
Balance at December 31, 2022	<u><u>\$ 282,705</u></u>	<u><u>150,115</u></u>	<u><u>15,287</u></u>	<u><u>1,870</u></u>	<u><u>449,977</u></u>

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(g) Right-of-use-asset

The Company leases many assets including land and buildings and vehicles. Information about leases for which the Company as a lessee was presented below:

	<u>Buildings and constructions</u>	<u>Shipping equipments</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023	\$ 11,670	3,939	15,609
Additions	1,753	23,302	25,055
Disposals	<u>(11,670)</u>	<u>(1,816)</u>	<u>(13,486)</u>
Balance at December 31, 2023	<u>\$ 1,753</u>	<u>25,425</u>	<u>27,178</u>
Balance at January 1, 2022	\$ 11,670	3,236	14,906
Additions	-	1,216	1,216
Disposals	<u>-</u>	<u>(513)</u>	<u>(513)</u>
Balance at December 31, 2022	<u>\$ 11,670</u>	<u>3,939</u>	<u>15,609</u>
Depreciation and impairments losses:			
Balance at January 1, 2023	\$ 9,577	2,126	11,703
Depreciation	3,383	1,302	4,685
Disposals	<u>(11,670)</u>	<u>(1,816)</u>	<u>(13,486)</u>
Balance at December 31, 2023	<u>\$ 1,290</u>	<u>1,612</u>	<u>2,902</u>
Balance at January 1, 2022	\$ 7,065	1,433	8,498
Depreciation	2,512	1,206	3,718
Disposals	<u>-</u>	<u>(513)</u>	<u>(513)</u>
Balance at December 31, 2022	<u>\$ 9,577</u>	<u>2,126</u>	<u>11,703</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 463</u>	<u>23,813</u>	<u>24,276</u>
Balance at January 1, 2022	<u>\$ 4,605</u>	<u>1,803</u>	<u>6,408</u>
Balance at December 31, 2022	<u>\$ 2,093</u>	<u>1,813</u>	<u>3,906</u>

(h) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 1 to 3 years. For all investment property leases, the rental income is fixed under the contracts.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

Investment property movement of the Company were as follows:

	Owned property		Total
	Land	Buildings and constructions	
Cost or deemed cost:			
Balance at January 1, 2023	\$ 95,041	49,079	144,120
Additions	83,519	20,940	104,459
Balance at December 31, 2023	\$ 178,560	70,019	248,579
Balance at January 1, 2022	\$ 95,041	49,079	144,120
Additions	-	-	-
Balance at December 31, 2022	\$ 95,041	49,079	144,120
Depreciation and impairments losses:			
Balance at January 1, 2023	\$ -	5,712	5,712
Depreciation	-	1,767	1,767
Balance at December 31, 2023	\$ -	7,479	7,479
Balance at January 1, 2022	\$ -	4,113	4,113
Depreciation	-	1,599	1,599
Balance at December 31, 2022	\$ -	5,712	5,712
Carrying amount:			
Balance at December 31, 2023	\$ 178,560	62,540	241,100
Balance at January 1, 2022	\$ 95,041	44,966	140,007
Balance at December 31, 2022	\$ 95,041	43,367	138,408
Fair value:			
Balance at December 31, 2023		\$	219,059
Balance at December 31, 2022		\$	147,232

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains a 1 to 3 years non-cancellable period. Subsequent renewals are negotiated with the lessee and no contingent rents are charged.

As of December 31, 2023 and 2022, the investment property of the Group had been pledged as collateral for long-term borrowings; please refer to note8.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Goodwill	Brand/Trade marks	Client relationship/ Database/518 computer system	Others	Total
Cost:					
Balance at January 1, 2023	\$ 58,000	27,656	59,208	6,694	151,558
Additions	-	-	-	-	-
Balance at December 31, 2023	<u>\$ 58,000</u>	<u>27,656</u>	<u>59,208</u>	<u>6,694</u>	<u>151,558</u>
Balance at January 1, 2022	\$ 58,000	27,656	59,208	6,694	151,558
Additions	-	-	-	-	-
Balance at December 31, 2022	<u>\$ 58,000</u>	<u>27,656</u>	<u>59,208</u>	<u>6,694</u>	<u>151,558</u>
Accumulated amortization and impairment losses					
Balance at January 1, 2023	\$ -	22,967	48,846	6,162	77,975
Amortization	-	2,680	5,921	309	8,910
Balance at December 31, 2023	<u>\$ -</u>	<u>25,647</u>	<u>54,767</u>	<u>6,471</u>	<u>86,885</u>
Balance at January 1, 2022	\$ -	20,287	42,925	5,631	68,843
Amortization	-	2,680	5,921	531	9,132
Balance at December 31, 2022	<u>\$ -</u>	<u>22,967</u>	<u>48,846</u>	<u>6,162</u>	<u>77,975</u>
Carrying value:					
Balance at December 31, 2023	<u>\$ 58,000</u>	<u>2,009</u>	<u>4,441</u>	<u>223</u>	<u>64,673</u>
Balance at January 1, 2022	<u>\$ 58,000</u>	<u>7,369</u>	<u>16,283</u>	<u>1,063</u>	<u>82,715</u>
Balance at December 31, 2022	<u>\$ 58,000</u>	<u>4,689</u>	<u>10,362</u>	<u>532</u>	<u>73,583</u>

(i) Amortization expense

The amortization of intangible assets is included in the statement of comprehensive income:

	2023	2022
Operating expenses	<u>\$ 8,910</u>	<u>9,132</u>

(ii) Impairment test of goodwill

Goodwill arising from the acquisition of 518 Technology Co., Ltd. on January 1, 2015, valued at \$58,000 thousand, was mainly attributable to the expected benefit derived from the operating revenue growth of 518 Human Resource. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units that are expected to benefit from the synergies of the combination. Job searching websites were a group of cash-generating units that can generate independent cash inflows; therefore, goodwill is tested for impairment by comparing the recoverable amount of job searching websites with their carrying amount to determine whether an impairment loss should be recognized.

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Notes to the Financial Statements

Base on the result of impairment test, the recoverable amount of job searching websites was greater than their carrying amount; thus, no impairment loss was recognized.

The recoverable amount of job searching websites was based on their value-in-use, determined by discounting the future cash flows to be generated from the continuing use of 518 Human Resource. The key assumptions used in the estimation of value-in-use were as follows:

	December 31, 2023	December 31, 2022
Discount rate	6.77 %	10.59 %

The discount rate was a pre-tax measure based on the capital asset pricing model, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

(iii) Guarantee

As of December 31, 2023 and 2022, the intangible asset of the Company had not been pledged as collateral for long-term borrowings.

(j) Other financial assets

Other financial assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Time deposit due within one year	\$ 104,590	98,790
Other receivables	668	1,052
Current restricted assets	571,232	561,022
	\$ 676,490	660,864

Current restricted assets mainly consist of time deposits pledged as collateral and receipts under custody from transaction between members on 8591 Virtual Treasure Trade. Please refer to note 8 for the information of pledged assets.

(k) Other current assets and other non-current assets

Other current assets and other non-current assets were as follows:

	December 31, 2023	December 31, 2022
Current prepaid expense	\$ 11,484	8,029
Current temporary payments	29,815	11,214
Subtotal	41,299	19,243
Guarantee deposits paid	1,512	638
Right-of-use asset	24,276	3,906
Subtotal	25,788	4,544
Total	\$ 67,087	23,787

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(i) Current prepaid expense

Current prepaid expense mainly consist of system outsourcing usage fee, domain service fee, rent and insurance.

(ii) Current temporary payments

Temporary payments consist of website event bonus payment on 8591 Virtual Treasure Trade and others.

(l) Other payables and Receipts under custody

Other payables and Receipts under custody were as follows:

	December 31, 2023	December 31, 2022
Current tax liabilities	\$ 95,123	87,104
Employee compensation payable	77,860	61,200
Compensation due to directors and supervisors	9,420	8,000
Wages and salaries payable	30,738	27,685
Expenses payable	54,192	40,606
Other	<u>3,100</u>	<u>3,100</u>
Subtotal	270,433	227,695
Receipts under custody	<u>541,311</u>	<u>522,338</u>
Total	<u>\$ 811,744</u>	<u>750,033</u>

Receipts under custody are collection on behalf of others which are not completed from member transaction on 8591 Virtual Treasure Trade. The collection is deposited in individual trust accounts of E. Sun Bank.

(m) Long-term borrowing

The significant terms and conditions of long term and short term borrowings were as follows:

	December 31, 2023	December 31, 2022
Secured bank loan	\$ 185,358	120,057
Less: current portion	<u>(13,242)</u>	<u>(8,868)</u>
Total	<u>\$ 172,116</u>	<u>111,189</u>
Unused long-term credit lines	<u>\$ 3,980</u>	<u>3,980</u>
Range of interest rates	<u>1.82%~2.05%</u>	<u>1.57%~1.77%</u>

For the collateral for long-term borrowings, please refer to note8.

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(n) Operating lease

The Company leases its investment property to others. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 4,074	2,762
One to two years	1,086	1,682
Two to five years	<u>2,533</u>	<u>-</u>
Total undiscounted lease payment	<u>\$ 7,693</u>	<u>4,444</u>

Rental income from investment property was \$4,171 thousand and \$3,971 thousand for the years ended December 31, 2023 and 2022, respectively.

(o) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$6,710 thousand and \$6,267 thousand for the years ended December 31, 2023 and 2022, respectively.

(p) Income tax

Income tax expense

The components of income tax in the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current tax expense		
Current period	\$ 175,850	160,400
Adjustment for prior periods	<u>(72)</u>	<u>(2,774)</u>
	<u>175,778</u>	<u>157,626</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>2,148</u>	<u>1,153</u>
Income tax expenses	<u>\$ 177,926</u>	<u>158,779</u>

For the years ended December 31, 2023 and 2022, there was no income tax recognized directly in equity or other comprehensive income.

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Adden Technology Co., Ltd.
Notes to the Financial Statements

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	2023	2022
Profit excluding income tax	\$ 888,705	823,326
Income tax using the Company's domestic tax rate	177,741	164,665
Tax-exempt income	(7,444)	(5,903)
Change in unrecognized temporary differences	1,758	1,797
Overestimate in prior period	(72)	(2,774)
Others	5,943	994
	<u>\$ 177,926</u>	<u>158,779</u>

(i) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Unrecognized deferred tax liabilities	<u>\$ 7,831</u>	<u>11,380</u>

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	<u>\$ 19,078</u>	<u>17,320</u>

3) Recognized deferred tax assets and liabilities

Change in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Loss on investment	Others	Total
Deferred tax assets:			
Balance at January 1, 2023	\$ 5,250	1,191	6,441
Recognized in profit or loss	(3,000)	411	(2,589)
Balance at December 31, 2023	<u>\$ 2,250</u>	<u>1,602</u>	<u>3,852</u>
Balance at January 1, 2022	\$ 6,000	363	6,363
Recognized in profit or loss	(750)	828	78
Balance at December 31, 2022	<u>\$ 5,250</u>	<u>1,191</u>	<u>6,441</u>

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

	<u>Others</u>
Deferred tax liabilities:	
Balance at January 1, 2023	\$ (1,244)
Recognized in profit or loss	441
Balance at December 31, 2023	<u>\$ (803)</u>
Balance at January 1, 2022	\$ (13)
Recognized in profit or loss	(1,231)
Balance at December 31, 2022	<u>\$ (1,244)</u>

(ii) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the tax authority.

(q) Capital and other equity

As of December 31, 2023 and 2022, the total amount of authorized ordinary shares were both amounted to \$1,000,000 thousand with par value of \$10 per share and the contributed capital were amounted to \$558,739 thousand and \$507,790 thousand.

Reconciliation of shares outstanding for 2023 and 2022 were as follows:

(in thousand of shares)

	<u>Ordinary share</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	50,795	42,937
Stock dividends	5,079	7,862
Retirement of restricted employee stock	-	(4)
Balance on December 31	<u>55,874</u>	<u>50,795</u>

(i) Ordinary share

On August 26, 2021, the Company resolved on general shareholders' meetings on earning distribution for the year ended December 31, 2020 by issuing 7,862 thousand of shares with a par value of \$10 per share, amounting to \$78,615 thousand, with January 10, 2022 as the date of capital increase and the relevant statutory registration procedures have since been completed.

On June 14, 2023, the Company resolved on general shareholders' meetings on earning distribution for the year ended December 31, 2022 by issuing 5,079 thousand of shares with a par value of \$10 per share, amounting to \$50,795 thousand, with September 4, 2023 as the date of capital increase and the relevant statutory registration procedures have since been completed.

For the years ended December 31, 2023 and 2022, the Company had retired 0.6 thousand and 4 thousand of shares, respectively, of restricted stock to employees due to failure to meet vesting condition.

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(ii) Capital surplus

The balances of capital surplus as of 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share premium	\$ 313,411	313,411
Employee share options	3,894	6,308
Restricted stock awards	<u>66,624</u>	<u>62,706</u>
	<u>\$ 383,929</u>	<u>382,425</u>

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

If all or part of the above mentioned earnings shall be distributed in cash, the distribution plan may be approved by half of the Broad of Directors with at least two-thirds present and reported to the shareholders' meeting without requiring the submission for recognition.

The Company is in the stage of enterprise growth. The dividends will be, and will be distributed in the types of stock dividends or cash dividend, which will be determined moderately according to the future capital demand and equity dilution. The cash dividends shall not less than 10% of the total dividends in principle. However, the type and ratio of this surplus distribution shall depends on the actual profit and capital status of the year, and shall be approved by the resolution of the Shareholders' meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

Adden Technology Co., Ltd.
Notes to the Financial Statements

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRS Accounting Standards. Accumulated translation adjustments (gains) accounted for under shareholders' increased retained earnings by zeroing amounted to \$64 thousand. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. When there is any subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and proportionately appropriate the earnings distribution originally allocated to special reserve.

In accordance with the FSC guidelines, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

The amounts of special reserve as of December 31, 2023 and 2022 were \$349,092 thousand and \$272,413 thousand, respectively.

3) Earnings Distribution

The amounts of cash dividends in earning distribution for 2022 first half and 2022 second half had been approved during the board meeting on August 12, 2022 and March 24, 2023, respectively. The amounts of stock dividends in earning distribution for 2022 and the earning distribution for 2021 had been approved during the shareholders' meeting on June 14, 2023 and June 15, 2022, respectively.

The amounts of dividends distributed to owners were as follows:

	2022	
	Dividend per Share (NT dollars)	Amount (thousand)
Dividends distributed to common shareholders:		
Cash (2022 first half)	\$ 4.50	228,578
Cash (2022 second half)	4.50	228,576
Stock	1.00	50,795
Total		\$ 507,949

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

	2021	
	Dividend per Share (NT dollars)	Amount (thousand)
Dividends distributed to common shareholders:		
Cash	\$ 11.30	<u>574,003</u>

The amount of cash dividends of earning distribution for 2023 had been approved during the board meeting on March 14, 2024, was \$245,884 thousand with \$4.4 per share.

4) Interim Earnings Distribution

The amount of cash dividends of earning distribution for 2023 first half had been approved during the board meeting on August 11, 2023, was \$284,449 thousand with \$5.6 per share.

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Amount
Balance at January 1, 2023	\$ (88,362)	(225,294)	(5,030)	(318,686)
Exchange differences of net asset in foreign operations	(15,824)	-	-	(15,824)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(11,022)	-	(11,022)
Share-based payment	-	-	3,761	3,761
Expiration of restricted stock awards	-	-	127	127
Balance at December 31, 2023	<u>\$ (104,186)</u>	<u>(236,316)</u>	<u>(1,142)</u>	<u>(341,644)</u>
Balance at January 1, 2022	\$ (100,558)	(161,403)	(16,235)	(278,196)
Exchange differences of net asset in foreign operations	12,196	-	-	12,196
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	27,150	-	27,150
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(91,041)	-	(91,041)
Share-based payment	-	-	10,489	10,489
Expiration of restricted stock awards	-	-	716	716
Balance at December 31, 2022	<u>\$ (88,362)</u>	<u>(225,294)</u>	<u>(5,030)</u>	<u>(318,686)</u>

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(r) Share-based payment

The Board of Directors' meeting on June 18, 2020, the Company decided to award 424 thousand of new shares of restricted stock to those full-time employees whose performance assessment was excellent. The restricted stock which has been registered and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On September 17, 2020, the Board of Directors issued 363 thousand of shares. The capital increase date was on October 15, 2020.

Those employees with the restricted stock awards are entitled to obtain shares for free with the condition that these employees continue to provide service to the Company for at least 1 years (from the grant date). 50% of the restricted stock is vested in year 1 after the grant date, 25% of the restricted stock is vested in year 2 after the grant date, 15% of the restricted stock is vested in year 3 after the grant date, and the remaining 10% is vested in year 4 after the grant date.

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period, except for inheritance. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. The rights of shares are the same as issued ordinary share, except for the above restrictions. If these employees who obtain the restricted stock awards violate Regulation Governing Issuance of Restricted Stock Awards, employment contract, confidential contract, trust contract, Ethical Corporate Management Best Practice Principles, Codes of ethical Conduct, the Rules of Information Security, Work Rules, and so on, the Company will repurchase all the unvested shares without charge, and cancel the shares thereafter.

As of December 31, 2023 and 2022, the balances of unearned compensation were \$1,142 thousand and \$5,030 thousand and the expenses sprang from the restricted stock awards were \$5,386 thousand and \$12,855 thousand, respectively.

Details of the restricted stock of the Company are as follows :

	(in thousands of shares)	
	<u>2023</u>	<u>2022</u>
Outstanding number of stocks at 1 January	88	181
Vested during the year	(53)	(89)
Forfeited during the year	-	(4)
Outstanding number of stocks at 31 December	<u><u>35</u></u>	<u><u>88</u></u>

(Continued)

Adden Technology Co., Ltd.
Notes to the Financial Statements

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<u>Basic earnings per share</u>		
Net income available to common shareholders	\$ <u>710,779</u>	<u>664,547</u>
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands of shares)	<u>55,795</u>	<u>55,716</u>
Basic earnings per share (NT dollars)	\$ <u>12.74</u>	<u>11.93</u>
	<u>2023</u>	<u>2022</u>
<u>Diluted earnings per share</u>		
Net income available to common shareholders	\$ <u>710,779</u>	<u>664,547</u>
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousands of shares)	55,795	55,716
Effect of dilutive potential ordinary shares:		
Effect of employee share bonus	461	372
Effect of restricted employee shares unvested	<u>61</u>	<u>76</u>
Weighted average number of ordinary shares (diluted) (in thousands of shares)	<u>56,317</u>	<u>56,164</u>
Diluted earnings per share (NT dollars)	\$ <u>12.62</u>	<u>11.83</u>

On June 14, 2023, the Board of Directors decided to issue shares dividends, with September 4, 2023, as the capital increase date. Since the capital increase date was between the reporting date and the date of the financial statements authorized for issue, the amount affected by the shares dividends should be retrospectively adjusted in accordance with IAS 33. The abovementioned earnings per share have been adjusted retrospectively. The Company's basic earnings per share before retrospective adjustment for the years ended December 31, 2022 was \$13.12 dollars, respectively; diluted earnings per share was \$13.01 dollars, respectively.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Taiwan	\$ <u>2,097,523</u>	<u>1,894,507</u>
Major products/services lines:		
Revenue of internet service	\$ 1,772,101	1,544,774
Platform commission income	<u>325,422</u>	<u>349,733</u>
	\$ <u>2,097,523</u>	<u>1,894,507</u>

For the years ended December 31 2023 and 2022, revenue from e-commerce were \$2,009,911 thousand and \$1,797,325 thousand, which were 96% and 95% of total revenue respectively.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2021
Trade receivables	\$ 87,741	76,898	106,637
Less: allowance for impairment	(3)	(3)	(20,998)
	<u>\$ 87,738</u>	<u>76,895</u>	<u>85,639</u>
Contract liability-internet service	<u>\$ 304,285</u>	<u>281,548</u>	<u>257,414</u>

For details on trade receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31 2023 and 2022, that was included in the contract liability balance at the beginning of the period were \$281,548 thousand and \$257,414 thousand, respectively.

(u) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, where the Company has earnings in a giving year, the Company shall allocate 1% or above of earnings as staff remunerations, 3% or below as Directors remunerations. However, if there is still accumulated loss of the Company, the Company shall reserve the compensation amount in advance.

The persons who are entitled to receive cash or shares as staff remuneration stipulated in the preceding paragraph including the employees of parents or subsidiaries of the Company meeting certain specific requirements.

For the years ended December 31 2023 and 2022, the Company estimated its employee remuneration and directors' remuneration amounting as following:

	2023	2022
Employee compensation	\$ 77,860	61,200
Directors' remuneration	9,420	8,000
	<u>\$ 87,280</u>	<u>69,200</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The employee compensation which assign with share capital, the estimated amounts are calculated base on the day before decision to assign by board of directions.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follow :

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>8,430</u>	<u>3,485</u>

(ii) Other income

The details of other income were as follows:

	<u>2023</u>	<u>2022</u>
Rent income	\$ 4,171	3,971
Dividend income	-	1,548
Handling charge	5,194	5,288
Other income, others	<u>3,441</u>	<u>4,402</u>
	\$ <u>12,806</u>	<u>15,209</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Losses on disposals of investment	\$ -	(507)
Foreign exchange gains	622	2,165
Net loss on financial assets at fair value through profit or loss	362	(5,895)
Miscellaneous disbursements	<u>(1)</u>	<u>(91)</u>
	\$ <u>983</u>	<u>(4,328)</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2023</u>	<u>2022</u>
Interest expense	\$ <u>2,760</u>	<u>1,805</u>

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(w) Reclassification adjustments of components of other comprehensive income

The details of reclassification adjustments of components of other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Debt instruments at fair value through other comprehensive income		
Net change in fair value	\$ 578	(3,478)
Net change in fair value recognized in other comprehensive income	<u>\$ 578</u>	<u>(3,478)</u>

(x) Financial instrument

(i) Type of financial instruments

1) Financial assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial asset designated as at fair value through profit or loss	\$ 121,712	61,282
Financial assets at fair value through other comprehensive income	<u>113,367</u>	<u>128,843</u>
Amortized cost financial assets:		
Cash and cash equivalents	634,902	547,610
Trade receivables	87,738	76,895
Trade receivable due from related parties	57,461	64,547
Other financial assets	<u>676,490</u>	<u>660,864</u>
Subtotal	<u>1,456,591</u>	<u>1,349,916</u>
Total	<u>\$ 1,691,670</u>	<u>1,540,041</u>

2) Financial liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities measured at amortized cost:		
Notes and trade payables	\$ 32	18
Accounts payable to related parties	41,088	107,972
Other payables	172,211	137,491
Receipts under custody	541,311	522,338
Secured long-term borrowings	185,358	120,057
Lease liabilities	<u>24,470</u>	<u>3,942</u>
Total	<u>\$ 964,470</u>	<u>891,818</u>

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Addcn Technology Co., Ltd.
Notes to the Financial Statements

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As the Company has a large customer base and does not have a significant concentration of transactions with a single customer, the credit risk of accounts has no significant concentration.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Book value</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 month</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>Over 5 year</u>
December 31, 2023							
Non-derivative financial liabilities							
Notes and trade payables	\$ 32	32	32	-	-	-	-
Trade payable to related parties	41,088	41,088	41,088	-	-	-	-
Other payables	172,211	172,211	172,211	-	-	-	-
Receipts under custody	541,311	541,311	541,311	-	-	-	-
Secured loan	185,358	210,366	8,396	8,359	16,580	48,725	128,306
Lease liabilities	24,470	25,993	3,147	3,063	5,230	9,261	5,292
	<u>\$ 964,470</u>	<u>991,001</u>	<u>766,185</u>	<u>11,422</u>	<u>21,810</u>	<u>57,986</u>	<u>133,598</u>
December 31, 2022							
Non-derivative financial liabilities							
Notes and trade payables	\$ 18	18	18	-	-	-	-
Trade payable to related parties	107,972	107,972	107,972	-	-	-	-
Other payables	137,491	137,491	137,491	-	-	-	-
Receipts under custody	522,338	522,338	522,338	-	-	-	-
Secured loan	120,057	134,615	5,469	5,456	10,786	31,389	81,515
Lease liabilities	3,942	3,981	1,897	1,308	638	138	-
	<u>\$ 891,818</u>	<u>906,415</u>	<u>775,185</u>	<u>6,764</u>	<u>11,424</u>	<u>31,527</u>	<u>81,515</u>

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(iv) Currency risk

The Company's financial assets and liabilities were not had significant risk expose in foreign currency.

(v) Interest rate analysis

The Company's financial asset and liabilities did not face risk exposure to interest rate, please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

(vi) Other market price risk

For the years ended 2023 and 2022, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities at the reporting date	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ <u>1,134</u>	<u>-</u>	<u>1,288</u>	<u>-</u>
Decreasing 1%	\$ <u>(1,134)</u>	<u>-</u>	<u>(1,288)</u>	<u>-</u>

(vii) Information of fair value

1) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Book Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Bonds investments	\$ <u>121,712</u>	<u>11,712</u>	<u>-</u>	<u>110,000</u>	<u>121,712</u>
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	18,141	-	18,141	-	18,141
Domestic unlisted stocks	95,226	-	-	95,226	95,226
Funds investments	<u>11,773</u>	<u>11,773</u>	<u>-</u>	<u>-</u>	<u>11,773</u>
Total	\$ <u>246,852</u>	<u>23,485</u>	<u>18,141</u>	<u>205,226</u>	<u>246,852</u>

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

	December 31, 2022				
	Book Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Bonds investments	\$ 61,282	11,282	-	50,000	61,282
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	18,141	-	18,141	-	18,141
Domestic unlisted stocks	110,702	-	-	110,702	110,702
Funds investments	11,184	11,184	-	-	11,184
Total	\$ 201,309	22,466	18,141	160,702	201,309

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

In addition, the fair value of a private equity instrument is measured by its market value, taking its non-active-market liquidity discount into consideration by adjusting its market value using its put option. The main assumption is that when an investor hold such a restricted equity instrument, the investor can buy a put option, with the strike price equivalent to the market value of such restricted equity instrument, to ensure that the investor can still sell its instrument at current market price after termination of restricted trading period. Therefore, the value of its put option, which is measured by using the Black-Scholes model, stands for the cost that the investor is willing to pay in order to ensure the liquidity of equity security market.

The Company uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

Equity instruments without quoted price: The fair value is measured at discounted cash flow model. The assumption is discounted investees' expected future cash flows by using the discounting rate which reflects the time value of money and the return of the investment.

Financial assets at FVOCI- non-current are investments in non-listed stock. The fair value is based on the market approach of comparable business. For non-listed stock, the price is based on the estimated earnings before interest, taxes, depreciation, and amortization of investee and the quoted price in an active market of comparable companies. The estimated fair value is adjusted for the lack of liquidity.

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

3) Reconciliation of Level 3 fair values

	Measured at fair value through profit or loss	Fair value through other comprehensive income
	Non derivative financial assets mandatorily measured at fair value through profit or loss (held for trading)	Unquoted equity instruments
Opening balance, January 1, 2023	\$ 50,000	110,702
Total gains and losses recognized		
In profit or loss	-	-
In other comprehensive income	-	(13,476)
Purchased	60,000	-
Cash refund from capital reduction	-	(2,000)
Ending Balance, December 31, 2023	<u>\$ 110,000</u>	<u>95,226</u>
Opening balance, January 1, 2022	\$ -	121,001
Total gains and losses recognized		
In profit or loss	-	-
In other comprehensive income	-	32,227
Purchased	50,000	63,836
Disposal	-	(103,362)
Cash refund from capital reduction	-	(3,000)
Ending Balance, December 31, 2022	<u>\$ 50,000</u>	<u>110,702</u>

The above-mentioned total gains or losses were included in “other gains and losses” and “unrealized valuation gains (losses) from investments in financial assets at fair value through other comprehensive income”. The assets held as of December 31, 2023 and 2022 were follows:

	2023	2022
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ (13,476)	32,228

(Continued)

Adden Technology Co., Ltd.
Notes to the Financial Statements

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

The Company's financial instruments that use Level 3 inputs to measure fair value in "financial assets measured at fair value through other comprehensive income – equity security investments".

Most of fair value that use Level 3 have single significant unobservable inputs, only measurements of fair value of equity instruments without an active market had several significant unobservable inputs. Due to independence of significant unobservable inputs in equity instruments without an active market, there were no exist correlation between each other.

Quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Option pricing model	· Volatility (52.11% in December 31, 2023 and 2022)	· The estimated fair value would increase if the volatility were higher
Financial assets at fair value through other comprehensive income-equity investments without an active market	Binomial options pricing model	· Volatility (9.91% and 31.97% on December 31, 2023 and 2022) · Equity Value (2.20~10.51 and 1.39~7.23 on December 31, 2023 and 2022)	· The estimated fair value would decrease if the volatility were higher · The estimated fair value would increase if the equity value were higher
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net asset valuation method	· Net asset valuation	Not applicable

(Continued)

Adden Technology Co., Ltd.
Notes to the Financial Statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss- Debt instrument	Net asset valuation method	Net asset valuation	Not applicable

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

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Pofit or loss		Other comprehensive income	
	Inputs	Variation	Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2023						
Financial assets fair value through other comprehensive income						
Investment in equity instrument without active market	Volatility	1%	-	-	133	(95)
	Equity value	5%	-	-	782	(745)
December 31, 2022						
Financial assets fair value through other comprehensive income						
Investment in equity instrument without active market	Volatility	1%	-	-	246	(228)
	Equity value	5%	-	-	337	(316)

(y) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has responsibility for the establishment and oversight of the risk management framework. Internal Audit is responsible for identifying and analyzing the risk faced by the Company. The heads of departments set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The independent directors oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The independent directors are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the independent directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Hong Kong Dollar (HKD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, HKD, and CNY.

2) Other market price risk

The financial assets at fair value through other comprehensive income held by the Company are invested in stocks in domestic listed company and stocks in unlisted company. Because those are measured at fair value, the Company exposed to changes in the equity price. To manage market risk, the Company need to choose investment targets carefully and control the positions the Company held.

(z) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

The Company's debt-to-equity ratio at the end of the reporting period as of 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 1,440,163	1,330,781
Less: cash and cash equivalents	<u>634,902</u>	<u>547,610</u>
Net debt	\$ 805,261	783,171
Total equity	\$ 2,036,076	1,868,205
Debt-to-equity ratio	<u>39.55 %</u>	<u>41.92 %</u>

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

The Company's investing and financing activities which did not affect the current cash flow to acquire right-of-use assets in the years ended December 31, 2023 and 2022.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Acquisition	December 31, 2023
Long-term borrowing (including current portion)	\$ 120,057	65,301	-	185,358
Lease liabilities	<u>3,942</u>	<u>(4,527)</u>	<u>25,055</u>	<u>24,470</u>
Total liabilities from financing activities	\$ 123,999	60,774	25,055	209,828

	January 1, 2022	Cash flows	Non-cash changes Acquisition	December 31, 2022
Long-term borrowing (including current portion)	\$ 128,925	(8,868)	-	120,057
Lease liabilities	<u>6,475</u>	<u>(3,750)</u>	<u>1,217</u>	<u>3,942</u>
Total liabilities from financing activities	\$ 135,400	(12,618)	1,217	123,999

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements

Name of related party	Relationship with the Company
Addcn Technology (Samoa) Co., Ltd.	A subsidiary of the Company
Addcn Technology (HK) Co., Ltd.	A subsidiary of the Company
Addcn Technology (SHENZHEN) Co., Ltd.	A subsidiary of the Company
Digit Marketing Co., Ltd.	An associate of the Company

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(b) Significant transactions with related parties

- (i) The amounts of services provided by the Company to related parties and account receivable due to related parties were as follows:

	Trade amount		Trade receivable	
	2023	2022	December 31, 2023	December 31, 2022
Associate-Digit Marketing	\$ <u>92,042</u>	<u>69,627</u>	<u>57,461</u>	<u>64,547</u>

The Company entered into a 14-month contract for sales of advertising with its associate, Digit Marketing in October 2020, which was automatically extended.

The payment terms of above contracts were 180 days. Receivables from related parties were not pledged as collaterals, and were assessed not to provide any allowance for impairment loss.

- (ii) The amounts of purchase of services by Company to related parties and account payable to related parties were as follows:

	Trade amount		Trade payable	
	2023	2022	December 31, 2023	December 31, 2022
Addcn Technology (SHENZHEN) Co., Ltd.	\$ <u>537,903</u>	<u>472,952</u>	<u>41,088</u>	<u>107,972</u>

The Company and Addcn Technology (SHENZHEN) Co., Ltd. signed a contract. Addcn Technology (SHENZHEN) provides web design, technical support, and regular maintenance. Labor remuneration is calculated by Addcn Technology (SHENZHEN) annual operating costs added with fix percentage, then adjusted on a quarterly basis according to Addcn Technology (SHENZHEN) income statement prior to the quarterly settlement.

- (iii) Leases

The details of the property, plant and equipment of the Company were as follows:

Account	Relationship	2023	2022
Rent income	Associate	\$ <u>977</u>	<u>890</u>

The associates rented an office building from the Company, in which the rental price is determined based on the nearby office rental rates.

- (iv) Other transaction with related parties

The details of other transaction with related parties were as follows:

Account	Relationship	2023	2022
Commission fee	Associate	\$ <u>11,244</u>	<u>10,323</u>
Other income	Subsidiary	\$ <u>1,800</u>	<u>1,800</u>

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

Account	Relationship	December 31, 2023	December 31, 2022
Other payables	Associate	<u>\$ 110</u>	<u>90</u>
Other receivables	Associate	<u>\$ 91</u>	<u>70</u>
Other receivables	Subsidiary	<u>\$ 272</u>	<u>231</u>

(c) Key management personnel compensation

	2023	2022
Short-term employee benefits	\$ 95,573	67,825
Share-based payments	<u>5,993</u>	<u>10,099</u>
	<u>\$ 101,566</u>	<u>77,924</u>

Please refer to note 6(r) for details of shared-based payments.

(8) Assets Pledged as security:

The carrying values of pledged assets were as follows:

Assets Pledged as security	Liabilities secured by pledge	December 31, 2023	December 31, 2022
Other current financial assets (time deposits)	License of employment service agency	\$ 3,000	3,000
Other current financial assets (trust account)	Obligation of collection and payment on behalf of another party	568,232	558,022
Property, plant and equipment	Long-term loans	100,167	100,720
Investment property	Long-term loans	<u>190,598</u>	<u>86,855</u>
		<u>\$ 861,997</u>	<u>748,597</u>

(9) Commitments and contingencies:

(a) The carrying values of pledged assets were as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	<u>\$ 107,200</u>	<u>22,930</u>

- (b) The Company has entered into a contract with Wisdom Capital Limited Partnership to committed a capital contribution of \$200,000 thousand. As of December 31, 2023, the accumulated capital contributed by the Company was amounted to \$110,000 thousand, and account for as non-current financial asset at other fair value through profit or loss. The remaining committed contribution of \$90,000 thousand is pending for further payment notice from its general partner.

(10) Losses Due to Major Disasters: None

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(11) Subsequent Events:

Considering the Company's business development, on March 14, 2024, the Board of Directors' meeting resolved to transfer the retained earnings to share capital, which estimated free distribution of 73.85 shares per thousand shares. The capital increase is presented for approval in the shareholders' meeting and submitted to the authority for approval.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2023			2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		87,140	204,068	291,208	80,648	154,676	235,324
Labor and health insurance		7,626	10,313	17,939	7,202	8,443	15,645
Pension		3,453	3,257	6,710	3,341	2,926	6,267
Remuneration of directors		-	9,645	9,645	-	8,220	8,220
Others		101	11,710	11,811	156	8,845	9,001
Depreciation		4,968	22,231	27,199	4,131	19,570	23,701
Amortization		-	8,910	8,910	-	9,132	9,132

For the years ended December 31 2023 and 2022, additional information of number of employee and employee benefit were as follows:

	2023	2022
Number of employees	<u>194</u>	<u>187</u>
Number of directors who were not employees	<u>7</u>	<u>7</u>
The average employee benefit	<u>\$ 1,752</u>	<u>1,479</u>
The average salaries and wages	<u>\$ 1,557</u>	<u>1,307</u>
Adjustment of the average salaries and wages	<u>19.13 %</u>	<u>2.83 %</u>

Details about the policy of salaries (including directors, managers and employees) were as follows:

Independent directors' salaries are taken reference to domestic industry standard, receive fixed amount salary monthly, but do not receive remunerations to Directors. Directors' and salaries are reference to the allocate of earnings

Managers' and employees' salaries mainly include basic salaries, year-end bonuses, employee wages and other award paid in stocks. Salaries are taken reference from market average, job level, experience, education, professional knowledge and skills and seniority.

The Company conducts salary adjustments annually based on the employee appraisal results and taking into reference of the salary level within the industry. Staffs salaries are taken reference to job level, work performance, years of services, which are paid after permitting by Board meeting.

In accordance with the Articles of Incorporation, where the Company has earnings in a giving year, the Company shall allocate 1% or above of earnings as staff remunerations, 3% or below as Directors' remunerations.

(Continued)

Adden Technology Co., Ltd. Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock Element I Venture Capital Co., Ltd.	None	Equity investments at FVOCI	1,600	9,526	3.64 %	9,526	
The Company	Stock 21st Century Digital Technology Co., Ltd.	None	"	218	27,154	0.39 %	27,154	
The Company	Class A special share Element III Venture Capital Co., Ltd.	Note1	"	3,700	25,752	- %	25,752	Note2
The Company	Class B special share Element III Venture Capital Co., Ltd.	Note1	"	1,000	3,790	- %	3,790	Note2
The Company	Class A special share Element IV Venture Capital Co., Ltd.	None	"	2,400	26,328	- %	26,328	Note2
The Company	Class B special share Element IV Venture Capital Co., Ltd.	None	"	600	2,676	- %	2,676	Note2
The Company	Stock Newretail Co., Ltd.	None	"	1,258	18,141	4.34 %	18,141	
The Company	Fund UPAMC China High Yield Bond Fund	None	Debt investments at FVOCI	-	1,072	- %	1,072	
The Company	Fund UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	None	"	-	4,101	- %	4,101	
The Company	Fund Amundi Funds II-Emerging Markets Bond A USD D ExD	None	"	-	6,600	- %	6,600	
The Company	Bond Apple Inc. bond	None	Financial assets at FVPL	-	11,712	- %	11,712	
The Company	Fund Wisdom Capital Limited Partnership	None	"	-	110,000	- %	110,000	Note3

Note1: The chairman is the same as the Company

Note2: No voting, suffrage and candidate eligibility at ordinary shareholders' meeting.

Note3: As a limit partner.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None

(Continued)

Adden Technology Co., Ltd.

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Adden Technology (Samoa) Co., Ltd.	Samoa	Foreign holding company	1,070,916 (USD33,760 thousand)	1,070,916 (USD33,760 thousand)	33,760	100.00 %	862,228	6,209	6,209	Subsidiary
The Company	Digit Marking Co., Ltd.	Taiwan	Advertising	7,441	7,441	4,305	30.29 %	93,238	122,879	37,221	Associate
Adden Technology (Samoa)	Adden Technology (HK) Co., Ltd.	Hong Kong	Electronic information supply	340,700 (USD11,000 thousand)	294,455 (USD9,500 thousand)	11,000	79.79 %	61,780	(23,521)	(18,192)	Subsidiary

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Adden Technology (SHENZHEN) Co., Ltd.	System application management, maintenance and customer service	774,150 (USD25,200 thousand)	(1)	774,150 (USD25,200 thousand)	-	-	774,150 (USD25,200 thousand)	30,917	100.00%	30,917	795,998	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note3)	Investment Amounts Authorized by Investment Commission, MOEA (Note3)	Upper Limit on Investment (Note4)
774,150 (USD25,200 thousand)	774,150 (USD25,200 thousand)	1,221,646

Note 1: Re-investment company in mainland China established through investments of a third district.

Note 2: Recognized according to the audit financial statements of the company invested into.

Note 3: The amounts of accumulated outflow of investment from Taiwan were translated into New Taiwan dollars at the reporting date.

Note 4: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in note 13(a) "Information on significant transactions" and "Business relationships and significant intercompany transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
SHENG CHEND Investment Co., Ltd.		5,059,519	9.05 %
QIAN YI Investment Co., Ltd.		5,010,101	8.96 %
LIAO-SHI-FANG		4,744,050	8.49 %
Cheng Yu Investment Co., Ltd.		2,933,395	5.25 %

Note: (1) The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, showing who holds more than 5% of the common shares and preferred shares that have been delivered (including treasury shares) without physical registration. Due to different calculation bases, there may be differences between the share capital recorded in the company's financial report and the actual number.

(2) If the above-mentioned information is that the shareholders hand over the shares to the trust, it will be disclosed by the special account opened by the trustee. As for the insider equity declaration of shareholders holding more than 10%, according to the Securities and Exchange Act, their shareholding includes the shares held by themselves plus the shares that they have delivered to the trust, having the right to exercise decision-making power over the trust property, etc., please refer to Public Information Observatory for the information on the declaration of insider equity.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(Continued)

Adden Technology Co., Ltd.
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash		\$ 60
Cash in bank	Check deposits	942
	Time deposits	107,590
	Demand deposits	517,059
	Foreign deposits (USD \$70 thousand at exchange rate 30.72)	2,141
	(CNY \$1,644 thousand at exchange rate 4.325)	7,110
	Subtotal	634,842
Total		<u><u>\$ 634,902</u></u>

Statement of trade receivables

December 31, 2023

Client name	Description	Amount
Presco Netmarketing, Inc.	Collecting recharge from members	\$ 52,335
Familynet Co., Ltd.	Collecting recharge from members	12,893
Cathay United Bank	Collecting recharge from members	7,776
SO-NET Entertainment Taiwan Ltd.	Collecting recharge from members	4,330
Others (individual accounts with less than 5% of the total amount)	"	10,407
Subtotal		87,741
Less: Allowance for doubtful accounts		(3)
Total		<u><u>\$ 87,738</u></u>

Adden Technology Co., Ltd.

Statement of changes in financial assets measured at fair value through profit or loss - non-current

For the year ended December 31, 2023

(In Thousands of Shares)

Name of financial Instrument	Balance at January 1, 2023		Addition		Reduction		Balance at December 31, 2023		Calculative impairment	Provide Guarantee or pledge	Notes
	Shares or units	Fair value	Shares or units	Amounts	Shares or units	Amounts	Shares or units	Fair value			
Corporate bonds-Apple Inc.	6	\$ 11,282	-	430	-	-	6	11,712	-	None	
Wisdom Capital Limited Partnership	-	50,000	-	60,000	-	-	-	110,000	-	None	
Total		\$ 61,282		60,430		-		121,712	-		

Adden Technology Co., Ltd.

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2023

(In Thousands of Shares)

Name of financial instrument	Beginning Balance		Addition		Reduction		Ending Balance		Accumulated impairment	Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair Value			
Debt investments at Fair Value through Other Comprehensive Income											
UPAMC China High Yield Bond Fund	200	\$ 1,209	-	-	-	(137)	200	1,072	-	None	
Amundi Funds II-Emerging Markets Bond A USD D ExD	5	6,501	-	99	-	-	5	6,600	-	None	
UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	500	3,474	-	627	-	-	500	4,101	-	None	
Subtotal		<u>11,184</u>		<u>726</u>		<u>(137)</u>		<u>11,773</u>	<u>-</u>		
Equity investments at Fair Value through Other Comprehensive Income											
Element I Venture Capital Co., Ltd.	1,800	11,526	-	-	(200)	(2,000)	1,600	9,526	N/A	None	
					(Note 1)						
21st Century Digital Technology Co., Ltd.	218	27,154	-	-	-	-	218	27,154	N/A	None	
Newretail Co., Ltd.	2,516	18,141	-	-	(1,258)	-	1,258	18,141	N/A	None	
					(Note 2)						
Element III Venture Capital Co., Ltd.-Class A special share	3,700	25,752	-	-	-	-	3,700	25,752	N/A	None	
Element III Venture Capital Co., Ltd.-Class B special share	1,000	3,790	-	-	-	-	1,000	3,790	N/A	None	
Element IV Venture Capital Co., Ltd.-Class A special share	2,400	26,328	-	-	-	-	2,400	26,328	N/A	None	
Element IV Venture Capital Co., Ltd.-Class B special share	600	16,152	-	-	-	(13,476)	600	2,676	N/A	None	
Subtotal		<u>128,843</u>		<u>-</u>		<u>(15,476)</u>		<u>113,367</u>			
Total		<u>\$ 140,027</u>		<u>726</u>		<u>(15,613)</u>		<u>125,140</u>			

Note 1: The amounts received from capital reduction by Element I Venture Capital Co., Ltd. was \$ 2,000 thousand.

Note 2: Capital reduction for cover accumulated deficits by Newretail Co., Ltd..

Adden Technology Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(In Thousands of Shares)

Name of investee	Beginning Balance		Addition		Reduction		Investment income/(loss) recognized \under equity method, net	Exchange differences on translation	Accumulated profit and loss	Others equity interest	Ending Balance			Market Value or Net Assets Value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Percentage of ownership	Amount	Unit price	Total amount	
Adden Technology (Samoa) Co., Ltd.	33,760	\$ 880,266	-	-	-	-	6,209	(15,824)	(8,423)	-	33,760	100 %	862,228	-	862,228	None
Digit Marketing Co., Ltd.	3,877	75,299	428	-	-	(21,157)	37,221	-	-	1,875	4,305	30.29 %	93,238	-	93,238	None
			(Note 1)			(Note 2)										
		<u>\$ 955,565</u>		<u>-</u>		<u>(21,157)</u>	<u>43,430</u>	<u>(15,824)</u>	<u>(8,423)</u>	<u>1,875</u>			<u>955,466</u>		<u>955,466</u>	

Note 1: Digit Marketing Co., Ltd. distributed stock dividend in 2023.

Note 2: Digit Marketing Co., Ltd. distributed cash dividend in 2023.

Adden Technology Co., Ltd.

Statement of administrative expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Salary and Wages	\$ 42,657	70,897	100,159	213,713
Advertisement expenses	150,770	500	-	151,270
Other expense	-	55,052	-	55,052
Depreciation expense	-	20,768	1,463	22,231
Receipts under custody handling charge	23,678	-	-	23,678
Others (less than 5%)	16,671	64,118	2,250	83,039
Total	\$ 233,776	211,335	103,872	548,983

Please refer to Note 6(k) for “Statement of Other Current Assets”.

Please refer to Note 6(k) for “Statement of Other Non-current Financial Assets”.

Please refer to Note 6(j) for “Statement of Other Current Financial Assets”.

Please refer to Note 6(f) for “Statement of Changes in Property, Plant and Equipment”.

Please refer to Note 6(f) for “Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment”.

Please refer to Note 6(g) for “Statement of Changes in Right-of-use Assets”.

Please refer to Note 6(g) for “Statement of Changes in Accumulated Depreciation of Right-of-use Assets”.

Please refer to Note 6(h) for “Statement of Change in Investment Property”.

Please refer to Note 6(h) for “Statement of Changes in Accumulated Depreciation of Investment Property”.

Please refer to Note 6(i) for “Statement of Changes in Intangible Assets”.

Please refer to Note 6(l) for “Statement of Other Payables”.

Please refer to Note 6(t) for “Statement of Operating Revenues”.

Please refer to Note 6(v) for “Statement of Other Gains and Losses, net”.

Please refer to Note 6(v) for “Statement of Financial costs”.