Stock Code:3138

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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Representation Letter

The entities that are required to be included in the combined financial statements of Auden Techno Corp. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Auden Techno Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Auden Techno Corp.
Chairman: Chang, Yu-Pin
Date: March 13, 2024

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Independent Auditors' Report

To the Board of Directors of Auden Techno Corp.:

Opinion

We have audited the consolidated financial statements of Auden Techno Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Please refer to notes 4(o) and 6(t) for the related disclosures on the revenue recognition of the consolidated financial statements.

Description of key audit matter

The Sales revenue of the Group is a key indicator for management to evaluate financial or business performance. and is highly expected by the investors. Therefore, the revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures include testing the effectiveness of the design and and implementation of the internal controls in relation to revenue recognition and cash collection, conducting trend analysis for the top ten customers by comparing the changes or differences to evaluate if there is any significant irregularity, performing random sample checking on the sales transactions to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording, and reviewing samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republice of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's 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 Lu, Lily and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 1,156,776	37	1,411,209	46
1150	Notes receivable, net (notes 6(c) and (t))	48,161	2	23,863	1
1170	Accounts receivable, net (notes 6(c) and (t))	463,983	15	326,811	11
1200	Other receivables (notes 6(d) and (f))	27,078	1	110,452	4
1220	Current income tax assets	126	-	129	-
130X	Inventories (note 6(e))	285,044	9	325,986	11
1410	Prepayments	39,984	1	30,593	1
1476	Other financial assets－current (notes 6(j) and 8)	164,720	5	48,919	1
1479	Other current assets	2,711	-	2,293	-
	Total current assets	2,188,583	70	2,280,255	75
15xx	**Non-current assets:**				
1510	Non-current financial assets at fair value through profit or loss (note 6(m))	-	-	80	-
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(b))	86,172	3	84,158	3
1600	Property, plant and equipment (notes 6(g) and 8)	713,473	23	498,054	16
1755	Right-of-use assets (notes 6(h) and 7)	24,507	1	19,940	1
1760	Investment property (note 6(i))	5,211	-	5,351	-
1780	Intangible assets	9,324	-	7,920	-
1840	Deferred tax assets (note 6(p))	18,905	-	39,325	1
1980	Other financial assets－non-current (notes 6(j), (m) and 8)	85,578	3	108,025	4
1990	Other non-current assets－others	7,177	-	7,857	-
	Total non-current assets	950,347	30	770,710	25
1xxx	**Total assets**	**$ 3,138,930**	**100**	**3,050,965**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (note 6(k))	50,000	2	-	-
2150	Notes payable	50,851	2	38,092	1
2170	Accounts payable	148,992	5	156,494	5
2200	Other payables (note 6(u))	350,528	11	285,575	10
2230	Current tax liabilities (note 6(f))	20,235	1	70,307	2
2280	Current lease liabilities (notes 6(n) and 7)	10,249	-	6,800	-
2320	Long-term borrowing, current portion (note 6(l))	5,588	-	-	-
2399	Other current liabilities (notes 6(q) and (t))	168,628	5	220,899	7
	Total current liabilities	805,071	26	778,167	25
25xx	**Non-Current liabilities:**				
2530	Bonds payable (note 6(m))	395,662	13	391,559	13
2540	Long-term borrowings (notes 6(l) and 8)	184,412	6	190,000	6
2570	Deferred tax liabilities (note 6(p))	71,861	2	72,132	3
2580	Non-current lease liabilities (notes 6(n) and 7)	12,869	-	11,558	-
2640	Non-current net defined benefit liability (note 6(o))	1,782	-	657	-
2645	Guarantee deposits	130	-	130	-
	Total non-current liabilities	666,716	21	666,036	22
2xxx	**Total liabilities**	1,471,787	47	1,444,203	47
31xx	**Equity attributable to owners of parent (notes 6(m), (q) and (r)):**				
3110	Ordinary shares	468,004	15	467,131	16
3200	Capital surplus	505,922	16	476,307	16
3300	Retained earnings	721,234	23	679,268	22
3400	Other equity interest	(32,801)	(1)	(15,944)	(1)
	Total equity attributable to owners of parent	1,662,359	53	1,606,762	53
36xx	**Non-controlling interests**	4,784	-	-	-
3xxx	**Total equity**	1,667,143	53	1,606,762	53
2-3xxx	**Total liabilities and equity**	**$ 3,138,930**	**100**	**3,050,965**	**100**

See accompanying notes to consolidated financial statements.

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

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(t))**	$ 1,779,638	100	1,718,039	100
5000	**Operating costs (note 6(e))**	1,001,578	56	1,024,215	60
5900	**Gross profit**	778,060	44	693,824	40
6000	**Operating expenses (notes 6(c), (o), (r), (u) and 7):**				
6100	Selling expenses	183,645	11	188,023	11
6200	Administrative expenses	180,834	10	193,432	11
6300	Research and development expenses	185,488	10	214,649	12
6450	Expected credit losses	857	-	1,793	-
	Total operating expenses	550,824	31	597,897	34
6900	**Net operating income**	227,236	13	95,927	6
7000	**Non-operating income and expenses (notes 6(m), (n), (v) and 7):**				
7100	Interest income	9,095	-	3,707	-
7010	Other income	46,174	3	68,180	4
7020	Other gains and losses	(632)	-	244,286	14
7050	Finance costs	(12,739)	(1)	(10,103)	-
	Total non-operating income and expenses	41,898	2	306,070	18
7900	**Income before income tax**	269,134	15	401,997	24
7950	**Less: Income tax expenses (note 6(p))**	63,375	3	78,408	5
8200	**Net income**	205,759	12	323,589	19
8300	**Other comprehensive income (note (q)):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit plans	(1,190)	-	355	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,014	-	(23,030)	(1)
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(238)	-	71	-
	Total items that will not be reclassified subsequently to profit or loss	62	-	(22,746)	(1)
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Foreign currency translation differences for foreign operations	(9,731)	(1)	24,643	1
8399	Less: income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss	-	-	4,088	-
	Total items that will be reclassified subsequently to profit or loss	(9,731)	(1)	20,555	1
8300	**Other comprehensive income (loss), net of tax**	(9,669)	(1)	(2,191)	-
8500	**Total comprehensive income (loss)**	**$ 196,090**	**11**	**321,398**	**19**
	Profit attributable to:				
8610	Owners of parent	$ 206,407	12	320,777	19
8620	Non-controlling interests	(648)	-	2,812	-
		$ 205,759	**12**	**323,589**	**19**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 196,738	11	317,838	19
8720	Non-controlling interests	(648)	-	3,560	-
		$ 196,090	**11**	**321,398**	**19**
	Earnings per share (expressed in New Taiwan dollars) (note 6(s))				
9750	Basic earnings per share	**$ 4.42**		**6.89**	
9850	Diluted earnings per share	**$ 4.41**		**6.78**	

See accompanying notes to consolidated financial statements.

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

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on fiancial assets at fair value through other comprehensive income	Others	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 467,217	384,651	47,234	28,767	422,371	498,372	(43,114)	32,252	(15,069)	(25,931)	1,324,309	51,538	1,375,847
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	27,702	-	(27,702)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(140,165)	(140,165)	-	-	-	-	(140,165)	-	(140,165)
Share option－equity components recognized for convertible bonds issued (preference share)	-	93,058	-	-	-	-	-	-	-	-	93,058	-	93,058
Net income for the year	-	-	-	-	320,777	320,777	-	-	-	-	320,777	2,812	323,589
Other comprehensive income (loss) for the year	-	-	-	-	284	284	19,807	(23,030)	-	(3,223)	(2,939)	748	(2,191)
Total comprehensive income (loss) for the year	-	-	-	-	321,061	321,061	19,807	(23,030)	-	(3,223)	317,838	3,560	321,398
Restricted stock to employee adjustments	(86)	(1,402)	-	-	-	-	-	-	1,488	1,488	-	-	-
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(55,098)	(55,098)
Share-based payment	-	-	-	-	-	-	-	-	11,722	11,722	11,722	-	11,722
Balance at December 31, 2022	467,131	476,307	74,936	28,767	575,565	679,268	(23,307)	9,222	(1,859)	(15,944)	1,606,762	-	1,606,762
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	32,106	-	(32,106)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(163,489)	(163,489)	-	-	-	-	(163,489)	-	(163,489)
Net income for the year	-	-	-	-	206,407	206,407	-	-	-	-	206,407	(648)	205,759
Other comprehensive income (loss) for the year	-	-	-	-	(952)	(952)	(9,731)	1,014	-	(8,717)	(9,669)	-	(9,669)
Total comprehensive income (loss) for the year	-	-	-	-	205,455	205,455	(9,731)	1,014	-	(8,717)	196,738	(648)	196,090
Restricted stock to employee adjustments	873	11,022	-	-	-	-	-	-	(11,895)	(11,895)	-	-	-
Share-based payment	-	17,927	-	-	-	-	-	-	3,755	3,755	21,682	98	21,780
Changes in non-controlling interests	-	666	-	-	-	-	-	-	-	-	666	5,334	6,000
Balance at December 31, 2023	**$ 468,004**	**505,922**	**107,042**	**28,767**	**585,425**	**721,234**	**(33,038)**	**10,236**	**(9,999)**	**(32,801)**	**1,662,359**	**4,784**	**1,667,143**

See accompanying notes to consolidated financial statements.

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

AUDEN TECHNO CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before tax	$ 269,134	401,997
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	49,690	74,021
Amortization expense	5,891	4,768
Expected credit losses	857	1,793
Net loss on financial assets or liabilities at fair value through profit or loss	80	1,560
Interest expense	12,739	10,103
Interest income	(9,095)	(3,707)
Dividend income	(2,447)	(1,904)
Share-based payments	21,780	11,722
Loss (gain) on disposal of property, plant and equipment	(1,228)	39
Unrealized losses (gains)on foreign exchange	10,492	(248)
Gain on disposal of subsidiaries	-	(194,179)
Total adjustments to reconcile profit and loss	88,759	(96,032)
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	(25,132)	17,886
Accounts receivable	(152,021)	(95,393)
Other receivables	12,440	13,848
Inventories	38,914	(9,709)
Prepayments	(9,969)	7,184
Other current assets	(418)	(1,906)
Total net changes in operating assets	(136,186)	(68,090)
Net changes in operating liabilities:		
Notes payable	13,669	(7,081)
Accounts payable	(5,626)	(63,093)
Other payables	83,172	80,366
Other current liabilities	(51,823)	114,396
Net defined benefit liability	(65)	(61)
Total net changes in operating liabilities	39,327	124,527
Total net changes in operating assets and liabilities	(96,859)	56,437
Total adjustments	(8,100)	(39,595)
Cash inflow generated from operations	261,034	362,402
Interest received	9,095	3,707
Dividends received	2,447	1,904
Interest paid	(8,702)	(6,231)
Income taxes paid	(93,057)	(24,044)
Net cash flows from operating activities	170,817	337,738
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,000)	(35,862)
Disposal of subsidiaries (net of cash decreased)	71,965	294,462
Acquisition of property, plant and equipment	(270,635)	(95,630)
Proceeds from disposal of property, plant and equipment	1,738	51
Acquisition of intangible assets	(7,309)	(4,140)
increase in other financial assets	(101,828)	(70,988)
Decrease (Increase) in other non-current assets	2,525	(3,773)
Increase in prepayment for equipment	(2,885)	(7,308)
Net cash flows from (used in) investing activities	(307,429)	76,812
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	100,441	-
Decrease in short-term loans	(50,441)	-
Proceeds from issuing bonds	-	479,105
Payment of lease liabilities	(10,342)	(14,174)
Cash dividends paid	(163,489)	(140,165)
Change in non-controlling interests	6,000	-
Net cash flows from (used in) financing activities	(117,831)	324,766
Effect of exchange rate changes on cash and cash equivalents	10	4,131
Net increase (decrease) in cash and cash equivalents	(254,433)	743,447
Cash and cash equivalents at beginning of period	1,411,209	667,762
Cash and cash equivalents at end of period	$ **1,156,776**	**1,411,209**

See accompanying notes to consolidated financial statements.

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

AUDEN TECHNO CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

Auden Techno Corp. (hereinafter referred to as the "Company") is established on February 1990 in accordance to ROC Company Act. The shares of the Company were listed and sold on the Taiwan Stock Exchange on December 11, 2020. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the design and manufacture of wired and wireless antennas, the performance verification and testing of communications products and the trading agent of precision instrument.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2024.

(3) Application of new and revised standards, amendments and interpretations:

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

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

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

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

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

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

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as "IFRS endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis, except as otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Group and subsidiaries. Subsidiaries are entities controlled by the Group.

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The consolidated financial statements comprise the Group and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Changes in The Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of Subsidiary	Pricipal activity	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	Note
The Company	LUCKY RITE INTERNATIONAL CO., LTD. (LUCKY)	Investment Holding (investee)	100.00 %	100.00 %	
The Company	AUDEN TECHNO (BVI) CORPORATION (AUDEN BVI)	Investment Holding (investee)	100.00 %	100.00 %	
The Company	Auray Technology Corp.	Tests of communication products, information security and relevant consultation services	100.00 %	100.00 %	Note 1
The Company	Auden Intelligence Carbon Solution Co. Ltd.	Carbon reduction consultation , Assistance and assistance business	80.00 %	100.00 %	Note 2
LUCKY	Auden Techno Corp. (Shanghai)	Sales of instruments	100.00 %	100.00 %	
LUCKY	TA Technology(Shanghai) Co.,Ltd	Tests of communication products, information security and relevant consultation services	- %	- %	Note 3
AUDEN BVI	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Manufacture and sale of antennas and other optical instruments	100.00 %	100.00 %	
AUDEN BVI	TA Technology(Shanghai) Co.,Ltd	Tests of communication products, information security and relevant consultation services	- %	- %	Note 3
AUDEN BVI	AUDEN TECHNO VIETNAM CO., LTD.	Manufacture and sale of antennas and other optical instruments	100.00 %	- %	Note 4

Note 1： The Company's subsidiary, Auray Technology Corp, conducted a cash capital increase by issuing new shares, with the amount of $40,000 and a base date set on January 12, 2023, based on a resolution approved during the board meeting held on November 8, 2022, wherein the Company participated and subscribed the entire shares. All related registration procedures had been completed on February 1, 2023.

Note 2： In August 2022, the Group establisted an additional with a share capital of $10,000 thousand, representing a shareholding of 100% of Auden Intelligence Carbon Solution Co. Ltd.. In September 2023, Auden Intelligence Carbon Solution Co. Ltd. handled a cash capital increase and issued 200 thousand new shares, with a capital increase of $20,000 thousand, and the group increased its capital by $14,000 thousand, and adjusted the subscribed capital reserve of 666 thousand. Decrease in shareholdings to 80 percent due to non-reorganization of the full shareholding ratio.

Note 3： The Group disposed of 54.52% and 20% of equity interests in TA Technology(Shanghai) Co.,Ltd held by AUDEN BVI and Lucky, respectively on December 16, 2022, representing a total of 74.52%. Please refer to note 6(f) for details.

Note 4： In January 2023, the Group established an additional share capital of US $20,000 thousand, representing a shareholding of 100.00%, of AUDEN TECHNO VIETNAM CO., LTD.

(iii) List of subsidiaries excluded in the consolidated financial statements: None

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies 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. The resulting exchange differences are included in profit or loss for the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non monetary 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 an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(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, joint control, or significant influence 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 Group disposes of any 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 non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising items from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income and presented in the translationg reserve in equity.

(e) Assets and liabilities classified as current and non-current

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(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 date; 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.

(i) It is expected to be settled in its 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 Group 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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances 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 are classified as cash and cash equivalents only when they meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Accounts receivables 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.

(i) Financial assets

All regular way purchases or sales of financial assets classified as the same categories are recognized and derecognized on a trade date basis.

The Group classifies financial assets into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

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.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 on the principal amount outstanding.

A financial assets measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group 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.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are 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 derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Impairment of financial assets

The Group assessed against expected credit loss of impairment loss on financial assets measured at amortized cost

Loss allowance for notes and accounts receivable and contract assets is always measured at an amount of lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information (available without excessive costs or inputs). This includes both quantitative and qualitative information, as well as an analysis, based on the Group's historical experience, credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost is measured by using the 12-month ECL, in which the credit risk did not increase significantly since the initial recognition. If, on the other hand, there has been a significant increase in credit risk since the initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of a financial liabilities and equity instruments.

2) Equity instruments

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) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) 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.

(Continued)

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.

5) Derecognition of financial liabilities

the Group derecognizes a financial liability when its contractual obligation has been discharged or canceled or expire.

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

6) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition. Fixed manufacturing overhead is allocated to finished products and work in process based on normal capacity.

Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Non-current assets held for sale

Noncurrent assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell. When right-of-use asset,intangible assets and property, plant and equipment are classified as held for sale, they are no longer amortized or depreciated.

(j) 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.

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.

(Continued)

Rental income from investment property is recognized as other revenue on a straight line basis over the term of the lease.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.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

When property, plant and equipment comprise different components, and the total cost of the item is significant and a different depreciation rate or depreciation method is more appropriate, the item is treated as a separate item (major component) of property, plant and equipment.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent cost is capitalized only when it is probable that the future economic benefits associated with the cost will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a staight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

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

1)	Buildings	25~50 years
2)	Machinery and equipment	2~10 years
3)	Other equipment	2~26 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in accounting estimate.

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(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 purpose.

(l) Lease

(i) Identifying a lease

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

(ii) As a leasee

The Group 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 using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments outstanding at the beginning of the lease using the discounted incremental borrowing rate. Interest is subsequently charged using the effective interest method and are measured when there are changes in the lease payments and the lease period, and the carrying amount of the right-to-use assets is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

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

(iii) As a leasor

When the Group 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 Group 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. Lease income from operating lease is recognized in income on a straight-line basis over the lease term.

(Continued)

(m) Intangible assets

(i) Software and patents

Software and patents that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in profit or loss on a straight line basis of three to six years over the Group's intangible assets, from the date that they are available for use.

(ii) Goodwill

Goodwill arising from the Group is measured at cost by the amount of goodwill recognized at the acquisition date and is subsequently measured at cost less accumulated impairment. The impairment test should allocate to cash generating unit or groups of cash generating unit. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The impairment loss recognized on goodwill is not reversed in a subsequent period.

(n) Impairment－non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Group assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount of assets with an indication of impairment. If it is not possible to estimate the recoverable amount of an individual asset, then the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs for the purpose of assessing impairment.

Goodwill is tested for impairment on an annual basis, regardless of whether there is any indication of impairment.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount and an impairment loss shall be recognized. An impairment loss shall be recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for non-financial assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had no impairment loss been recognized in prior years.

(o) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The accounting policies for the Group' s main types of revenue are explained below.

(Continued)

(i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.And either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Rendering of services

The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service of employees is recognized immediately in profit or loss.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Group recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the resting period of the awards. The compensation cost is adjusted to reflect the number of awards given to employees for which the performance and non-market conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of equity instruments that eventually have vested.

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.

Grant date of a share-based payment award is the date which the Group and employees reach a consensus in the subscription price and number of shares.

(r) 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 shall be recognized in profit or loss.

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

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.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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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 arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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) levied by 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.

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.

(s) Earnings per share

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. 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 potential dilutive ordinary shares.

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(t) Segment information

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, the 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.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

There is no risk that the uncertainties in the estimates and assumptions in the consolidated financial statements will cause significant adjustments in the following year.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	$ 417	421
Checking and demand deposits	1,100,084	1,024,122
Time deposits	56,275	386,666
	$ 1,156,776	**1,411,209**

The above cash and cash equivalents were not pledged as collateral. Please refer to notes 6(j) and 8 for disclosure of the Group time deposits, recorded under other financial assets－current, with maturity ranging from three months to one year.

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

		December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:			
Domestic unlisted common shares	$	38,532	48,296
Oversea unlisted shares		47,640	35,862
Total	$	**86,172**	**84,158**

The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, therefore they have been designated as measured at fair value through other comprehensive income.

The Group entered into an investment agreement with Dotspace, Inc. on February 16, 2022 for the purpose of expanding its business, and invested shares payments in the second phase. In the first phase, a share payment of $13,409 thousand (USD480 thousand) was paid on March 3, 2022. In the second phase, the shares payment of $22,453 thousand (USD720 thousand) were paid on October 6, 2022, which the total amount is $35,862 thousand (USD1,200 thousand), 12,000 thousand shares are subscribed by capital increase.

During the years ended December 31, 2023 and 2022, the dividends of $2,447 thousand and $1,904 thousand,respectively, related to equity instruments at fair value through other comprehensive income held on the year ended, were recognized under other income.

No strategic investments were disposed for the years ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Please refer to note 6(w) for market risk.

(c) Notes receivables and accounts receivables

		December 31, 2023	December 31, 2022
Notes receivable	$	48,161	23,863
Accounts receivable		466,579	328,597
Less: loss allowance－accounts receivables		(2,596)	(1,786)
	$	**512,144**	**350,674**

The Group does not regard as any collateral or discount for notes and trade receivable.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts 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.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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Notes receivable from the Group have no credit loss based on historical experience, and also considering that the notes receivable as of the reporting date have not been overdue and there is no other indication that the credit quality of the notes receivable has changed from that of the original credit date, the Group assesses that there will be no credit loss for the notes receivable. Therefore, it is not included in the expected credit loss analysis table.

The Group's test equipment segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	$ 96,492	-	-
Past due 31~90 days	788	-	-
Past due 181~365 days	9,721	11.19-11.4	1,088
	$ 107,001		1,088

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	$ 12,712	-	-
Past due 1~30 days	6,084	-	-
Past due 31~90 days	7,503	-	-
Past due 91~180 days	3,118	0-1.01	31
	$ 29,417		31

The Group's RFID antenna segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	$ 330,376	0-0.59	494
Past due 1~30 days	14,629	0-11.04	549
Past due 31~90 days	1,722	0-22.38	209
Past due over 365 days	256	100.00	256
	$ 346,983		1,508

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	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	$ 289,142	0-0.63	809
Past due 1~30 days	6,778	0-11.85	394
Past due 31~90 days	1,227	0-19.35	174
Past due 91~180 days	323	0-29.67	96
Past due over 365 days	282	100.00	282
	$ 297,752		1,755

The Group's test and certification segment applies the expected credit losses to analysis of notes and accounts receivable as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	$ 12,595	-	-

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	$ 1,428	-	-

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Beginning balance	$ 1,786	2,316
Non-current assets held for sale (or disposal groups)	-	(2,265)
Impairment loss	857	1,793
Amounts written off	-	(87)
Foreign exchange gains/(losses)	(47)	29
Ending balance	$ 2,596	1,786

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(d) Other receivables

		December 31, 2023	December 31, 2022
Other receivables	$	27,078	38,487
Other receivables－sales of equity interests		-	71,965
Less: Loss allowance		-	-
	$	**27,078**	**110,452**

As of December 31, 2023 and 2022. there was no other receivables that was past due for the Group. Please refer to note 6(w) for other credit risk.

(e) Inventories

		December 31, 2023	December 31, 2022
Merchandise inventory	$	170,343	252,171
Finished good		82,040	44,137
Semi-finished products and work in progress		20,099	20,213
Raw materials		12,562	9,465
	$	**285,044**	**325,986**

The details of the inventory costs recognized as expenses were as follows:

		2023	2022
Write-down of inventories (Reversal of write-downs)	$	(14,755)	14,284
Loss on disposal of inventory		524	1,122
Total	**$**	**(14,231)**	**15,406**

As of December 31, 2023 and 2022, the Group did not pledge its inventories as collateral.

(f) Loss of control of subsidiaries

(i) The Group resolved on August 31, 2022 by the Board of Directors to engage in a disposal of 54.52% and 20.00% equity interests in TA Technology (Shanghai) Co.,Ltd held by subsidiaries, AUDEN BVI and Lucky, respectively. Total of 74.52% equity interest was disposed. An share purchase agreement was entered into on the same day with an unrelated party, EUROFINS PRODUCT TESTING LUX HOLDING SARL. The above transactions are reported in the non-current assets held for sale (disposal group) and liabilities directly related to the non-current assets held for sale (disposal group) on September 30, 2022. For relevant information, see note 6(f) to the consolidated financial statements for the third quarter of 2022. The Group disposed all of its shares in the entity mentioned above with a consideration of $377,460 thousand (RMB 85,652 thousand net of direct expense) on December 16, 2022 and recognized net gain on disposal of $197,667 thousand under gains on disposals of investments of other gains and losses. The gain on disposal included accumulated loss on foreign currency

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exchange amounting to $17,786 thousand and goodwill of $865 thousand. Amount received as of December 31, 2022 was $305,496 thousand (RMB69,322 thousand),The uncollected disposal price receivable of $71,965 thousand (RMB16,330 thousand) is accounted for under other receivables. The income tax expense arising from the disposal of the equity interest amounting to $30,933 thousand, which is not yet paid as of December 31, 2022 and accounted for under current income tax liabilities. The payment has been made and tax payment certificate is obtained in February 2023.

The carrying amount of assets and liabilities of TA Technology(Shanghai) Co.,Ltd on December 16, 2022 were as follow:

Cash and cash equivalents	$	42,652
Notes receivables, accounts receivables and other receivables		63,432
Property, plant and equipment		129,574
Right-of-use assets		50,924
Other		11,788
		298,370
Accounts payable and other payables		19,331
Lease liabilities		55,366
Other		7,433
		82,130
Net assets disposed	**$**	**216,240**

(ii) Pursuant to the resolution of board of directors, the Company disposed of the 100% of equity interest in ATL including its indirect investees, in ATL, CC&C Xi'an and CC&C Shenzhen on April 29, 2021. An agreement for the sale and purchase of shares was entered into on the same day with an unrelated party,EUROFINS PRODUCT TESTING LUX HOLDING SARL. The Group disposed all of its shares in the entity mentioned above with a consideration of $174,506 thousand on September 1, 2021 (net of transaction tax) and recognized net gain on disposal of $98,499 thousand under gains on disposals of investments of other gains and losses. The gain on disposal include accumulated loss on foreign currency exchange amounting to $96 thousand, $139,400 thousand was received as of December 31, 2021, and uncollected disposal price receivable amounting to $35,106 thousand, which are accounted for in other receivables. In 2022, the adjustment of equity transaction amounting to $3,488 thousand was recorded under loss on disposal of investments, the uncollected disposal price receivable was reduced to $31,618 thousand accordingly. As of December 31, 2022, the sale proceeds of the equity interest have been fully collected.

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(g) Property, plant and equipment

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

		Land	Buildings	Machinery and equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
Cost:							
Balance at January 1, 2023	$	335,441	101,927	171,778	169,194	20,720	799,060
Additions		-	-	18,669	18,055	217,840	254,564
Disposals		-	-	(3,270)	(7,255)	-	(10,525)
Reclassification		-	-	-	3,732	(2,815)	917
Effects of changes in foreign exchange rates		-	(999)	(725)	(2,356)	-	(4,080)
Balance at December 31, 2023	$	**335,441**	**100,928**	**186,452**	**181,370**	**235,745**	**1,039,936**
Balance at January 1, 2022	$	335,441	101,134	438,586	167,841	-	1,043,002
Additions		-	-	88,312	14,723	12,842	115,877
Reclassification		-	-	6,360	(6,360)	7,878	7,878
Disposal of subsidiaries		-	-	(360,102)	(7,816)	-	(367,918)
Disposals		-	-	(6,509)	(1,000)	-	(7,509)
Effects of changes in foreign exchange rates		-	793	5,131	1,806	-	7,730
Balance at December 31, 2022	$	**335,441**	**101,927**	**171,778**	**169,194**	**20,720**	**799,060**
Accumulated depreciation and imparirment loss:							
Balance at January 1, 2023	$	29,935	76,109	70,182	124,780	-	301,006
Depreciation		-	1,262	25,365	12,418	-	39,045
Disposals		-	-	(2,923)	(7,092)	-	(10,015)
Effects of changes in foreign exchange rates		-	(899)	(898)	(1,776)	-	(3,573)
Balance at December 31, 2023	$	**29,935**	**76,472**	**91,726**	**128,330**	**-**	**326,463**
Balance at January 1, 2022	$	29,935	71,709	255,643	126,818	-	484,105
Depreciation		-	3,731	44,293	9,942	-	57,966
Reclassification		-	-	5,725	(5,725)	-	-
Disposal of subsidiaries		-	-	(231,591)	(6,753)	-	(238,344)
Disposals		-	-	(6,508)	(911)	-	(7,419)
Effects of changes in foreign exchange rates		-	669	2,620	1,409	-	4,698
Balance at December 31, 2022	$	**29,935**	**76,109**	**70,182**	**124,780**	**-**	**301,006**
Carrying amount:							
Balance at December 31, 2023	$	**305,506**	**24,456**	**94,726**	**53,040**	**235,745**	**713,473**
Balance at December 31, 2022	$	**305,506**	**25,818**	**101,596**	**44,414**	**20,720**	**498,054**

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On March 7, 2023, the Group signed a contract with a non-related party for the construction of its office building, with a total contract price of $690,000 thousand (before tax), of which, the amounts of $213,157 thousand, recorded as construction in progress, and $476,843 thousand, have been paid and have yet to be paid, respectively, as of December 31, 2023. Please refer to note 9(a).

Please refer to note 8 for the details of items pledged to secure long term bank borrowings and financing facility as of December 31, 2023 and 2022.

(h) Right-of-use assets

The Group leases including land, buildings, and transportation equipment and other equipment recognized as right of use assets. Information about the movements in their recognition or reversal of cost, depreciation, and impairment are presented below:

	Land	Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2023	$ 2,625	33,380	488	36,493
Additions	-	15,305	-	15,305
Decrease	-	(2,800)	-	(2,800)
Effects of changes in foreign exchange rates	(48)	(481)	-	(529)
Balance at December 31, 2023	**$ 2,577**	**45,404**	**488**	**48,469**
Balance at January 1, 2022	$ 2,587	100,152	108	102,847
Additions	-	17,080	488	17,568
Disposal of subsidiaries	-	(85,254)	-	(85,254)
Decrease	-	-	(108)	(108)
Effects of changes in foreign exchange rates	38	1,402	-	1,440
Balance at December 31, 2022	**$ 2,625**	**33,380**	**488**	**36,493**
Accumulated depreciation of right-of-use asset:				
Balance at January 1, 2023	$ 315	16,052	186	16,553
Depreciation	79	10,309	117	10,505
Decrease	-	(2,800)	-	(2,800)
Effects of changes in foreign exchange rates	(7)	(289)	-	(296)
Balance at December 31, 2023	**$ 387**	**23,272**	**303**	**23,962**

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		Land	Buildings	Other equipment	Total
Accumulated depreciation of right-of-use asset:					
Balance at January 1, 2022	$	233	34,306	83	34,622
Depreciation		79	15,626	211	15,916
Disposal of subsidiaries		-	(34,330)	-	(34,330)
Decrease		-	-	(108)	(108)
Effects of changes in foreign exchange rates		3	450	-	453
Balance at December 31, 2022	$	**315**	**16,052**	**186**	**16,553**
Carrying amount:					
Balance at December 31, 2023	$	**2,190**	**22,132**	**185**	**24,507**
Balance at December 31, 2022	$	**2,310**	**17,328**	**302**	**19,940**

(i) Investment property

		Land and improvements	Buildings	Total
Cost:				
Balance at December 31, 2023 (as of balance January 1, 2023)	$	**3,350**	**5,025**	**8,375**
Balance at December 31, 2022 (as of balance Januray 1, 2022)	$	**3,350**	**5,025**	**8,375**
Accumulated depreciation and impairment loss:				
Balance at Januray 1, 2023	$	-	3,024	3,024
Depreciation		-	140	140
Balance at December 31, 2023	$	**-**	**3,164**	**3,164**
Balance at Januray 1, 2022	$	-	2,885	2,885
Depreciation		-	139	139
Balance at December 31, 2022	$	**-**	**3,024**	**3,024**
Carrying amount:				
Balance at December 31, 2023	$	**3,350**	**1,861**	**5,211**
Balance at December 31, 2022	$	**3,350**	**2,001**	**5,351**
Fair value:				
Balance at December 31, 2023				$ **11,634**
Balance at December 31, 2022				$ **11,404**

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The fair value of the investment property held by The Group is presented on the basis of the assessment by an independent external evaluation expert, who adopted the income approach- direct capitalization and comparative approach for valuation. The input values used in fair value evaluation techniques are of the level 3 of fair alue hierarchy and there was no transfer to or from level 3 fair value during the period. The capitalization of earnings (including depreciation deposit rate) used in the years ended December 31, 2023 and 2022 were 1.97% to 2.03% and 1.97% to 1.89% respectively.

Investment properties comprise a number of commercial properties that are leased to third parties. Each leasing contact includes an original noncancelable lease term, and the lease term of the renewal is available for discussion with the lessee。

(j) Other current financial assets

	December 31, 2023	December 31, 2022
Current		
Time deposits and restricted account	$ 110,182	45,469
Dedicated bank account－collection of share payments	38,065	-
Cash in banks for foreign exchange (FX)	-	3,450
Refundable deposits	16,473	-
Subtotal	164,720	48,919
Non-current		
Time deposits	1,111	1,100
Cash in banks for foreign exchange (FX)	-	24,677
Convertible bond secured deposits	80,000	80,000
Refundable deposits	4,467	2,248
Subtotal	85,578	108,025
Total	$ **250,298**	**156,944**

The Group remitted its foreign funds to special accounts for foreign exchange deposits in September 2020, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. Thereafter, the Group recorded the above foreign funds under other financial assets- current and other financial assets－noncurrent based on the Group investment plan schedule in December 31, 2022. In accordance with the IFRS Q&A released on January 5, 2024 by the Securities and Future Bureau of the Financial Supervisory Commission, R.O.C. The balance of $27,350 thousand in offshore funds as of December 31, 2023 was recognized under the cash and cash equivalent.

As of December 31, 2023 and 2022, the other financial assets were pledged as collateral, please refer to note 8.

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(k) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank borrowings	$ 30,000	-
Unsecured loan	20,000	-
Total	**$ 50,000**	**-**
Unused short-term credit lines	**$ 167,500**	**195,504**
Range of interest rates (%)	**1.85~3.10**	**-**

For the collateral for bank borrowings, please refer to note 8.

(l) Long-term borrowings

The details of the Group's long-term borrowings were as follows:

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2023
Secured borrowings			
－Bank of Taiwan	June 8, 2021 ~June 8, 2041, interest is paid on a monthly basis for the first three years,and the principal is paid monthly from the fourth year. (the total of 204 installments)	1.68~1.93	$ 190,000
Less: current portion			5,588
Total			**$ 184,412**
Unused long-term credit lines			**$ -**

Activity	Loan period and payment term	Range of interest rates(%)	December 31, 2022
Secured borrowings			
－Bank of Taiwan	June 8, 2021 ~June 8, 2041, interest is paid on a monthly basis for the first three years,and the principal is paid monthly from the fourth year. (the total of 204 installments)	1.68	$ 190,000
Less: current portion			-
			$ 190,000
Unused long-term credit lines			**$ -**

For the collateral for bank borrowings, please refer to note 8.

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(m) Bonds payable

(i) The Company's secured ordinary corporate bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	$ 400,000	400,000
Unamortized discounted corporate bonds payable	(4,338)	(8,441)
Corporate bonds issued balance at year-end	**$ 395,662**	**391,559**
Embedded derivative- Redemption option (Non-current financial assets at fair value through profit or loss)	**$ -**	**80**
Equity component – conversion options, included in capital surplus– stock options	**$ 93,058**	**93,058**

	2023	2022
Interest expense (note)	**$ 4,103**	**3,872**

Note: The effective interest rate of the first issued secured convertible bonds was 1.0477%.

(ii) Pursuant to the official certificate No.11003774351 in effect by FSC on December 24, 2021,the Group's first domestic secured convertible bond was issued on January 18, 2022 with a total issue amounting to $484,010 thousand. All the payment has been collected. The main terms of issuing the above-mentioned convertible corporate bonds were as follows:

1) Issuance period: 3 years (January 18, 2022 to January 18, 2025).

2) Total issuance amount: $400,000 thousand

3) Issue price: 121% of the nominal value of the share, with a par value of $100 thousand per share.

4) Coupon rate: 0%

5) Repayment method: Except for conversion to ordinary shares of the Company by creditors in accordance with the regulations, or recovery in advance by the Company in accordance with the regulations, the bonds are repaid in cash at one time at their face value upon maturity.

6) Secured method: Mega International Commercial Bank is authorized as the bank to provide guarantee.

7) Conversion period

The bond holders may opt to have its bonds converted into the Company's ordinary shares within the period between three months after the issuance date (April 19, 2022) and the maturity date (January 18, 2025) under the conversion method.

8) Conversion price and its adjustment

The conversion price was $230 per share on the issuance date.

After this convertible bond is issued, except for securities of any kind issued (or private placement) by the Company with conversion rights to ordinary shares or share option and exchanged to ordinary shares or new shares issued for the compensation of employees, In the event of an increase in the number of ordinary shares of the Company issued (or private placement) (including, but not limited to, cash capital increase, retained earnings transferred to capital, capital increase from capital surplus, issuance of new shares due to acquisition of shares of another company or merger with another company, share split and issue of shares for overseas depositary receipt), the Company shall adjust the conversion price according to the formula outlined in conversion policy (calculated up to the New Taiwan dollar 10 cents. Adjust downward not upward and rounded to the nearest cent). Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"),for official announcement set out that adjustments made on the base day of ex-rights for issuing new shares.If the increase in issuing ordinary shares is due to a change in the nominal value of the shares, adjustment shall be made on the base day of transfer new shares; but adjustment is made on share payment date for payment that has actually been received. If the issue price of the new shares is changed after the ex-rights base day of issuing new shares by cash capital increase, the revised issue price of the new shares and the current price per share (The base day of revised issue price setting as decided by the Group is the setting base day for revised current price per share) will be adjusted again in accordance with the formula of the conversion policy. If the adjusted conversion price is lower than the adjusted conversion price announced before the original base day of ex-rights, the GreTai Securities Market (hereinafter referred to as "the GreTai") should be informed with letter to announce on the new adjustment.

After the issuance of this convertible bond, in the event that the Company allot cash dividends of ordinary shares, the Company shall reduce the conversion price (calculated up to the NTD 10 cents. Adjust downward not upward and rounded to the nearest cent) by the formula of the conversion policy on ex-dividend base day. Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"),for official announcement on the conversion price after adjustment. The provision of this conversion price adjustment is not applicable for a person who has requested a conversion prior to the base day of the ex-dividend, ex-rights (excluded).

After this convertible bond is issued, except when the Company issue again securities of any kind (or private placement) with conversion rights to ordinary shares or share option with conversion prices or subscription price below current price per share, the Company shall adjust the conversion price according to the formula outlined in conversion policy (calculated up to the New Taiwan dollar 10 cents. Adjust downward not upward and rounded to the nearest cent). Then wrote to the GreTai Securities Market (hereinafter referred to as "the GreTai"),for official announcement to set out that adjustments should be made on date of issuing share options and above mentioned securities or the delivery date for private placement of securities.

The conversion price has been adjusted from $224.6 to $219.7 since May 3, 2023.

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9) Redemption:

Within the period between three month after the issuance date (April 19, 2022) and 40 days (December 9,2024) before the last convertible date, if (i) the closing price of common shares on the TWSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, or in the event that the outstanding balance of the convertible bonds is less than 10% of the total amount originally issued, the Company may redeem all convertible bonds in accordance to conversion policy.

When the Company issued the above convertible bonds, the share options were separated from the liabilities, and the equity and liabilities components were recognized separately as follows:

	Amount
Total amount issued of convertible bonds	$ 484,010
Fair value of embedded derivatives at the time of issue	1,640
Transaction cost of issuance	(4,905)
Fair value of proceeds from issuing bonds	(387,687)
Equity component – share options, included in capital surplus– stock options	**$ 93,058**

As of December 31, 2023, the Company had not redeem any convertible bond.

(iii) Financial assets at fair values through profit or loss- non-current, the details are as follows:

	The first time	
	December 31, 2023	**December 31, 2022**
Balance at beginning of period	$ 80	-
Embedded derivative financial assets (redemption)- balance on date of issue	-	1,640
Loss on evaluation	(80)	(1,560)
Total	**$ -**	**80**

As a result of issuing corporate debt, the Company has provided a bank deposit of $80,000 thousand from Mega International Commercial Bank as collateral (accounted for under other financial assets - non-current), please refer to note 8 for details.

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(n) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	$ **10,249**	**6,800**
Non-current	$ **12,869**	**11,558**

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ **366**	**1,211**
Expenses relating to short-term leases	$ **923**	**467**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **5,362**	**3,116**

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

	2023	2022
Net cash outflows from operating activities	$ 6,651	4,794
Net cash outflow from financing activities	10,342	14,174
Total cash outflow for leases	$ **16,993**	**18,968**

(i) Real estate leases

As of December 31, 2023 and 2022, the Group leases land and buildings for its office space at factories. The leases of office space typically run for 2 to 10 years.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 3 to 5 years.

(o) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Group were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ (6,546)	(5,250)
Fair value of plan assets	4,764	4,593
Net defined benefit liability	$ **(1,782)**	**(657)**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions benefits for employees upon retirement. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

As of December 31, 2023, the Group's pension fund with Bank of Taiwan amounted to $4,764 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit obligations for the years ended in 2023 and 2022 were as follows:

		2023	2022
Defined benefit obligation at January 1	$	(5,250)	(5,248)
Current service costs and interest		(67)	(36)
Remeasurement of net liabilities (assets) for defined benefit obligations			
－Actuarial loss (gain) arising from experience adjustments		(1,197)	(314)
－Actuarial loss (gain) arising from financial assumptions		(32)	348
Defined benefit obligation at December 31	**$**	**(6,546)**	**(5,250)**

3) Movements in fair value of plan assets

The movements in the fair value of the Group's plan assets for the years ended in 2023 and 2022 were as follows:

		2023	2022
Fair value of plan assets at January 1	$	4,593	4,175
Interest income		59	29
Remeasurements of the net defined benefit liabilities (assets)－return on plan assets (excluding interest income)		39	321
Contributions paid by the employer		73	68
Fair value of plan assets at December 31	**$**	**4,764**	**4,593**

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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4) Expenses recognized in profit or loss

The Group's expenses recognized on profit or loss for the years ended in 2023 and 2022 were as follows:

	2023	2022
Current service costs	$ -	-
Net interest on the defined benefit liabilities (asset)	8	7
	$ 8	**7**
Total operating costs	$ -	2
Administrative expenses	3	2
Research and development expense	5	3
	$ 8	**7**

5) Remeasurements of net defined benefit liability (asset) recognized in other comprehensive income

The remeasurement of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	2023	2022
Cumulative amount at January 1	$ (4,872)	(5,227)
Recognized in current period	(1,190)	355
Cumulative amount at December 31	**$ (6,062)**	**(4,872)**

6) Actuarial assumptions

The Group's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25 %	1.30 %
Future salary increases rate	3.00 %	3.00 %

The expected contribution to be made by the Group to the defined benefit plans for the next annual reporting period on 2023 is $106 thousand.

The weighted average duration of the defined benefit plan is 9 years.

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7) Sensitivity analysis for actuarial assumption

As of December 31, 2023 and 2022, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

		Impact on the defined benefit obligations	
		Increase	**Decrease**
At December 31, 2023			
Discount rate (changes 0.25%)	$	(158)	163
Future salary increasing rate (changes 0.25%)		160	(155)
At December 31, 2022			
Discount rate (changes 0.25%)	$	(137)	141
Future salary increasing rate (changes 0.25%)		139	(135)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability in the balance sheet are the same.

The method used for the sensitivity analysis in this year is the same as the method used in the previous year.

(ii) Defined contribution plans

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

Auden Communications & Multimedia Techno (Kunshan) Co., Ltd., TA Technology (Shanghai), CC&C Xi'an, CC&C Shenzhen and Auden Techno Corp. (Shanghai) provide pension insurance at a certain rate according to the total salary of local employees on a monthly basis complying with the pension insurance system prescribed by the Government of the People's Republic of China. The amount contributed is charged to current expenses, with a ratio of 0% to 16% for the years ended in 2023 and 2022. The pension for each employee is managed and coordinated by the Government and the Group has no further obligation except for monthly contributions.

The Group's pension costs under the defined contribution method were $13,490 thousand and $12,567 thousand for the years ended in 2023 and 2022, respectively.

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(p) Income taxes

(i) The amounts of the Group's income tax expense (benefit) for the years ended in 2023 and 2022 were as follows:

		2023	2022
Current taxes expense			
Current period	$	51,173	82,295
Adjustment for prior periods		(8,185)	(4,763)
		42,988	77,532
Deferred tax expense			
Origination and reversal of temporary differences		10,982	(9,257)
Adjustment for prior years' deferred income tax		9,405	10,133
		20,387	876
Income tax expense	**$**	**63,375**	**78,408**

The amounts of the Group's income tax benefit (expense) recognized under other comprehensive income for the years ended in 2023 and 2022 were as follows:

		2023	2022
Items that may not be reclassified into profit and loss:			
Remeasurement of defined benefit plans	**$**	**238**	**(71)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	**$**	**-**	**(4,088)**

AUDEN TECHNO CORP. AND SUBSIDIARIES
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Reconciliations of the Group's income tax expense (benefit) and income before tax for the years ended in 2023 and 2022 were as follows:

	2023	2022
Income before tax	$ 269,134	401,997
Income tax using the Comapny's domestic tax rate	$ 53,827	80,399
Effect of tax rates in foreign jurisdiction	(129)	(2,752)
Loss (gain) on disposal of domestic subsidiaries	2,306	774
Income from tax exemption	(489)	(380)
Non-deductible expenses	636	-
Investment tax credit	(1,767)	(6,668)
Change in unrecognized temporary differences	2,337	(382)
Adjustment for deferred income tax of prior years	9,405	10,133
Change in provision in prior periods	(8,185)	(4,763)
Additional tax on undistributed earnings	5,982	3,409
Other	(548)	(1,362)
Total	$ 63,375	78,408

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in certain subsidiaries were not recognized as deferred income tax liabilities as the Group has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 211,737	166,734
Unrecognized deferred tax liabilities	$ 42,347	33,348

2) Unrecognized deferred tax assets

The Group's deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Unused tax losses	$ 17,708	6,743

The ROC Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The deferred tax assets have not been recognized in respect of the these items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax losses	Expiry date
Auray Technology Corp.		
2021	$ 2,594	2031
2022	3,273	2032
2023	5,393	2033
Total	**$ 11,260**	
Auden Intelligence Carbon Solution Co. Ltd.		
2022	$ 154	2032
2023	6,294	2033
	$ 6,448	

3) Recognized deferred income tax assets and liabilities

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

Deferred tax liabilities:

	Long term gains on investments (foreign)	Others	Total
Balance at January 1, 2023	$ (71,873)	(259)	(72,132)
Recognized in profit or loss	12	259	271
Balance at December 31, 2023	**$ (71,861)**	**-**	**(71,861)**
Balance at January 1, 2022	$ (53,098)	(266)	(53,364)
Recognized in profit or loss	(18,775)	7	(18,768)
Balance at December 31, 2022	**$ (71,873)**	**(259)**	**(72,132)**

Deferred tax assets:

	Impairment on assets	Adjustments	Other	Total
Balance at January 1, 2023	$ 6,619	-	32,706	39,325
Recognized in profit or loss	-	-	(20,658)	(20,658)
Recognized in other comprehensive income	-	-	238	238
Balance at December 31, 2023	**$ 6,619**		**12,286**	**18,905**
Balance at January 1, 2022	$ 6,619	4,088	14,885	25,592
Recognized in profit or loss	-	-	17,892	17,892
Recognised in other comprehensive income	-	(4,088)	(71)	(4,159)
Balance at December 31, 2022	**$ 6,619**	**-**	**32,706**	**39,325**

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(iii) Examination and approval

The ROC income tax authorities have examined the Group's income tax returns through 2021. The Group's income tax returns of subsidiaries in Mainland China for the years through 2022 have been reported to the P.R.C income tax authorities.

(q) Share capital and other equity

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to $600,000 thousand; divided into 60,000 thousand shares with par value of $10 per share, in which $60,000 thousand is reserved for employee stock option certificates. As of December 31, 2023 and 2022, 46,800 thousand ordinary shares and 46,713 thousand shares are issued. All issued shares were paid up upon issuance.

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

(In thousands of shares)

	Ordinary share	
	2023	**2022**
Outstanding at January 1	46,655	46,396
Vesting condition of restricted stock to employee	52	259
Outstanding at December 31	46,707	46,655
Restricted stock to employee issued by January 1	58	326
Vesting condition of restricted stock to employee	(52)	(259)
Write down of restricted stock to employee	(6)	(9)
Issue restricted stock to employee	93	-
Restricted stock to employee issued but not outstanding by December 31	93	58
Equity at end of period, December 31	**46,800**	**46,713**

(i) Ordinary shares

In order to enrich its working capital and repay borrowings, a resolution was decided during the board meeting held on September 22, 2023 for the Group to conduct a cash capital increase by issuing 3,500 thousand ordinary shares, at a par value of $10 per share and a temporary issuance price of $120 per share, as well as the anticipated total amount of $420,000 thousand, with the chairman being granted the authority to adjust issuance price between $105 and $150 after being approved by the FSC. On November 7, 2023, upon obtaining approval from the FSC, the base date for the capital increase had been set on January 26, 2024. For the year ended December 31, 2023, the amount of $38,065 thousand had been paid and was accounted for under other non-current liabilities-other-advance receipts for ordinary share. The actual amount of $420,000 thousand was paid up upon issuance. All relevant statutory registration procedures had been completed on February 23, 2024.

In pursuant to the shareholders' meeting resolved on August 27, 2021, the Group was granted to issue 300 thousand shares of restricted stock as employee stock option, with a par value of $10 per share, amounting to $3,000 thousand, to qualified full-time employees of the Group and its subsidiaries at no costs. Thereafter, the first new restricted employee shares of 93 thousand shares were issued, wherein the chairman had been authorized to set the base date on August 14, 2023, based on a resolution decided during the board meeting held on August 8, 2023. All statutory registration procedures had since been completed. Please refer to note 6(s) for information on the Group 's restricted employee new shares.

On June 30, 2023, the Group has recovered 4 thousand new restricted employee shares, with a par value of $37 thousand, due to its employee turnover, resulting in the Group to reduce its capital, with the base date set on August 15, 2023, in which an adjustment was made to capital surplus and unearned employee remuneration by $603 thousand and $640 thousand, respectively. All relevant statutory registration procedures were completed on August 31, 2023.

On December 31, 2022, the Group has recovered 2 thousand new restricted employee shares, with a par value of $20 thousand, due to its employee turnover, resulting in the Group to reduce its capital, with the base date set on March 10, 2023, in which an adjustment was made to capital surplus and unearned employee remuneration by $326 thousand and $346 thousand, respectively. All relevant statutory registration procedures were completed on March 16, 2023.

In September 2022, the Group has recovered 9 thousand new restricted employee shares, with a par value of $86 thousand, due to its employee turnover, resulting in the Group to reduce its capital, with the base date set on August 31, 2022, in which an adjustment was made to capital surplus and unearned employee remuneration by $1,488 thousand each, based on a resolution decided during the board meeting held on August 10, 2022. All relevant statutory registration procedures were completed on September 16, 2022, wherein the adjusted capital surplus of $86 thousand was canceled.

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

		December 31, 2023	**December 31, 2022**
Share capital at premium	$	400,247	373,795
Restricted stock to employee		11,951	9,454
Share option－equity components recognized for convertible bonds issued		93,058	93,058
From share of changes in equities of subsidiaries		666	-
	$	**505,922**	**476,307**

The Company's capital surplus is derived from the premiums on the issuance of ordinary shares. In accordance with the ROC Company Act, the capital surplus must be used to offset losses, then the realized capital surplus can be used to issue new shares or cash in proportion to the shareholders' original shares. The aforementioned realized capital surplus includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

(iii) Retained earnings

In accordance with the Articles of Incorporation of the Company, if there is any surplus in the annual earnings of the Company, in addition to the payment of tax contributions in accordance with the law, the Company shall first make up for the loss in previous years and provide for the legal reserve in accordance with the law. To set aside or reverse the special reserve and combine its balance to the unallocated earnings at the beginning of the period as distributable earnings, to be retained at the discretion of the Board with reference to the distribution rate of prior years' earnings and future operating demands of the Company, Further, in respect of the retained earnings, the Board shall propose a distribution proposal for the earnings to be distributed in the form of issuing new shares, which shall be submitted to the general shareholders' meeting for resolution for distribution.For distribution be made in cash, the board of directors is authorized to distribute by special resolution and then be reported to the shareholders' meeting.

The dividend policy of the Company is based on the residual dividend policy in order to continue to expand business size and to increase the profitability, and to tie in with the Company's capital requirements as well as long-term financial planning for sustainable operation and stable development. Dividends shall be distributed on the basis of not less than 15% of the distributable earnings, provided that any dividend per share which is less than $0.25 as a result of such distribution may be proposed by the Board not to be distributed and then submitted to the Shareholders' meeting for recognition. The earnings distribution may be distributed by way of cash dividend and/or stock dividend. The distribution ratio for cash dividend should not be less than 10% of the total dividend distribution.

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First time Adoption of International Financial Reporting Standards" during the Company's first time adoption of the International Financial Reporting Standards endorsed by the FSC, retained earnings increased by $28,767 thousand by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, the increase in retained earnings ($28,767 thousand) due to the first time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve, shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to $28,767 thousand as of December 31, 2023 and 2022.

In accordance with the rules issued by the FSC, 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 other shareholders' equity. 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. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

The appropriations of 2022 and 2021 earnings have been approved by the Company's shareholders in its meetings held on March 14, 2023 and March 23, 2022, respectively. The appropriations and dividends per share were as follows:

	2022		2021	
	Amount per share (dollars)	**Total Amount**	**Amount per share (dollars)**	**Total Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 3.50	**163,489**	3.00	**140,165**

On March 13, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share(dollars)	**Total Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 2.60	**130,763**

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

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(iv) Other equity interest, net of tax

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Share-based payments - Unearned compensation cost	Total
Balance at January 1, 2023	$	(23,307)	9,222	(1,859)	(15,944)
Exchange differences on translation of net assets of foreign operations		(9,731)	1,014	-	(8,717)
Restricted stock to employee adjustments		-	-	(11,895)	(11,895)
Share-based payment		-	-	3,755	3,755
Balance at December 31, 2023	$	**(33,038)**	**10,236**	**(9,999)**	**(32,801)**
Balance at January 1, 2022	$	(43,114)	32,252	(15,069)	(25,931)
Exchange differences on translation of net assets of foreign operations		19,807	-	-	19,807
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		-	(23,030)	-	(23,030)
Restricted stock to employee adjustments		-	-	1,488	1,488
Share-based payment		-	-	11,722	11,722
Balance at December 31, 2022	$	**(23,307)**	**9,222**	**(1,859)**	**(15,944)**

(r) Sharebased payment

(i) The information of the Company's restricted employee shares (in thousands) is as follows:

The restricted stock is kept by a trust, which is appointed by the Company, before the vesting condition is met. These shares shall not be sold, pledged, transferred, gifted, hypothecated or disposed of by any other means to third parties during the custody period. Holders of restricted stock awards are entitled to the same rights as the Company's existing ordinary shareholders except for the fact that restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2023)	Second Restricted Employee Shares for the year ended December 31, 2020 (issued in 2021)	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Grant date	August 14, 2023	August 16, 2021	October 5,2020
Number of options granted (thousand shares)	93	126	500
Contract term (years)	1~3	1~2	1~2
Vesting conditions	Note 2	Note 3	Note 3
Exercise price per share (dollars)	$0	$0	$0
Adjusted performance price (dollars)	$0	$0	$0

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Note 1: 54 thousand shares to employees of the Company and 39 thousand shares to employees of the Company’s subsidiary, Auray Technology Corp.

Note 2: Vesting conditions

(i) years of service

1) 30% of the shares are vested in employees who remain in service for one year after receiving the restricted employee shares. The number of options granted will be based on the individual’s performance as stated below:

2) 30% of the shares are vested in employees who remain in service for two years after receiving the restricted employee shares. The number of options granted will be based on the individual’s performance as stated below:

3) 40% of the shares are vested in employees who remain in service for three years after receiving the restricted employee shares. The number of options granted will be based on the individual’s performance as stated below:

(ii) individual performance

Since the year of issuing new restricted employee shares, an employee who scores a personal performance of indicator A, B, C, and D, will be entitled to 100%, 75%, 25%, and 0% vested shares, respectively.

Note 3: Vesting conditions

(i) Years of service

1) 25% of the shares are vested in employees who remain in service for one year after receiving the restricted employee shares.

2) 25% of the shares are vested in employees who remain in service for two years after receiving the restricted employee shares.

(ii) Individual performance

1) In the year of receiving the restricted employee shares, an employee scores personal performance indicator A will be entitled to 25% vested shares; an employee scores personal performance indicator B will be entitled to 15% vested shares; an employee scores personal performance indicator C will be entitled to 5% vested shares; and an employee scores personal performance indicator D will be entitled to 0% vested shares.

2) In the subsequent year of receiving the restricted employee shares, an employee scores personal performance indicator A will be entitled to 25% vested shares; an employee scores personal performance indicator B will be entitled to 15% vested shares; an employee scores personal performance indicator C will be entitled to 5% vested shares; and an employee scores personal performance indicator D will be entitled to 0% vested shares.

1) Measurable parameter of fair value at grant date

The 1st and 2nd restricted employee shares for the years ended December 31, 2021 and 2020, which were issued in 2023 and 2021, were based on the fair value of the share-based payment at the closing price of $138.5 and $173, respectively, on the grant date.

For the year ended December 31, 2020, the restricted employee shares had been issued twice. For the 1st issuance, the Group used the Black Scholes method in measuring the fair value of the share-based payment at the grant date as follows:

	First Restricted Employee Shares for the year ended December 31, 2020 (issued in 2020)
Fair value at the grant date (unit: New Taiwan dollars)	$ 46.96
Exercise price (unit: New Taiwan dollars)	Free of charge
Expected volatility (%)	41.44
The expected life of the option (years)	0.18
The risk-free rate (%)	0.0622

2) Expenses recognized in profit or loss

For the years ended December 31, 2023 and 2022, the employee remuneration of $2,547 thousand and $11,722 thousand, respectively, were accounted for as operation expenses. For the years ended December 31, 2023, the shares granted by the Group to the employees of its subsidiary – Auray Technology Corp. as employee remuneration, amounting to $1,208, had been recognized as investments accounted for using equity method. As of December 31, 2023 and 2022, the Group has deferred the unearned employee remuneration arising from the issuance of restricted stock awards amounting to $9,999 thousand and $1,859 thousand, respectively, recorded as deduction of other equity. Please refer to note 6(r) for details of changes in the Group interests due to the issuance of restricted shares to employees.

(iii) The information of the Group cash capital increase reserved for employee subscription is as follows:

Unit: in thousand of shares

	Cash capital increase reserved for employee subscription
Given date	December 1, 2023
Given amount	350 (note)
Years of contract	0.16
Granting of object	All employees
Vesting condition	Immediately vested

Note: The employees of the Group subscribed 312 thousand shares, while the employees of the subsidiaries, Auray Technology Corp. and Auden Intelligence Carbon Solution Co. Ltd., subscribed 29 thousand and 9 thousand shares, respectively.

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1) Measurable parameter of fair value at grant date

The Group adopted Black Scholes option evaluation model to estimate the fair value of share-based payment at grant date amounting to $51.5.

2) Expenses recognized in profit or loss

For the year ended December 31, 2023, the remuneration cost for employee stock option of $16,042 thousand was accounted for as operation expense. The remuneration costs for employee stock option for the employees of the subsidiaries, Auray Technology Corp. and Auden Intelligence Carbon Solution Co. Ltd., amounting to $1,494 thousand and $391 thousand, respectively, were recognized as investments accounted for using equity method. Thereafter, the adjustment made to the capital reserve for employee stock option amounted to $17,927 thousand.

(s) Earnings per share

	2023	2022
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	$ 206,407	320,777
Weighted-average number of ordinary shares outstanding (in thousands of shares)	46,684	46,527
Basic earnings per share (in New Taiwan dollars)	$ 4.42	6.89
Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company (basic)	$ 206,407	320,777
Effect of dilutive potential ordinary shares		
Convertible bonds expenses	-	5,872
Losses on financial assets at fair value through profit or loss	-	1,560
Net income attributable to ordinary equity holders of the Company (dilutive)	$ 206,407	328,209
Weighted-average number of ordinary shares outstanding (in thousands of shares)	46,684	46,527
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	44	67
Effect of the conversion of convertible bonds	-	1,658
New restricted employee shares	34	177
Weighted average number of ordinary shares outstanding (after adjusting the effect of dilutive the potential ordinary share) (in thousands of shares)	46,762	48,429
Diluted earnings per share (in New Taiwan dollars)	$ 4.41	6.78

(Continued)

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For the year ended December 31, 2023, the Company did not include its convertible bonds in the calculation of its diluted earnings per share since those convertible bonds have antidilutive effect.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets:			
Taiwan	$	400,650	245,280
Mainland China		1,353,463	1,445,252
Other countries		25,525	27,507
	$	**1,779,638**	**1,718,039**

(ii) Details of revenue by products

The segmental information of the Group is divided into reporting departments based on different products and services, and the revenue from external customers is disclosed in it, so no additional product and service information is disclosed.

(iii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$	48,161	23,863	41,082
Accounts receivable		466,579	328,597	299,522
Loss allowance－accounts receivable		(2,596)	(1,786)	(2,316)
Total	$	**512,144**	**350,674**	**338,288**
contract liability (recognized in other current liabilities－others)	$	**128,270**	**217,906**	**94,777**

For details on accounts receivable and its loss allowance, please refer to note 6(c).

The opening balances of contract liabilities as of January 1, 2023 and 2022 were recognized as revenues of $212,930 thousand and $72,623 thousand for the years ended in 2023 and 2022, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received.

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(u) Remuneration to employees, and directors

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee remuneration and not more than 2% as directors' and supervisors' remuneration when there is profit for the year. (income before tax, excluding remuneration to employees and directors) A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees amounting to $5,324 thousand and $7,685 thousand and directors' and supervisors' remuneration amounting to $4,792 thousand and $6,916 thousand for the years ended in 2023 and 2022, respectively. The estimated amounts mentioned above are calculated based on the profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Company's article. These remunerations were expensed under operating expenses during 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended in 2022, the remunerations to employees amounted to $7,685 thousand.The remuneration to directors and supervisors amounted to $6,916 thousand. There was no difference from the actual distribution. The related information can be accessed from market observation post system website.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income of the Group were as follows:

	2023	2022
Interest income from bank deposits	$ 9,095	3,707

(ii) Other income

The details of other income of the Group were as follows:

	2023	2022
Rent income	$ 529	492
Dividend income	2,447	1,904
Other income－other		
Revenues from project	36,601	59,652
Others	6,597	6,132
Other income－other subtotal	43,198	65,784
	$ 46,174	68,180

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(iii) Other gains and losses

The details of other income of the Group were as follows:

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 1,228	(39)
Gain on disposal of subsidiaries, net	-	194,179
Gains (loss) on foreign exchange, net	(1,066)	53,172
Net loss on financial assets or liabilities at fair value through profit or loss	(80)	(1,560)
Miscellaneous expense	(714)	(1,466)
	$ (632)	**244,286**

(iv) Finance cost

The details of finance cost of the Group were as follows:

	2023	2022
Interest on bank borrowings	$ 4,270	2,989
Interest expenses on lease liabilities	366	1,242
Discount amortization of corporate bonds payable	4,103	3,872
The guarantee service fee of corporate bond	4,000	2,000
	$ 12,739	**10,103**

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, 35% and 43%, respectively, of accounts receivable (including related parties) were three major customers.

3) Credit risk of accounts receivable

For credit risk exposure of note and trade receivables, please refer to note 6(c). For details of other receivables, please refer to note 6(d). These are mainly rebates from suppliers, revenues from government projects and other receivables and are therefore financial assets with low credit risk.

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(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5years	Over 5 years
December 31, 2023						
Short-term loans	$ 50,000	50,177	50,177	-	-	-
Notes payable	50,851	50,851	50,851	-	-	-
Accounts payable	148,992	148,992	148,992	-	-	-
Other payables	298,490	298,490	298,490	-	-	-
Lease liabilities	23,118	23,674	10,510	6,878	3,702	2,584
Long-term borrowings (including current portion)	190,000	222,850	9,224	14,619	42,562	156,445
Bonds Payable	395,662	400,000	-	400,000	-	-
Guarantee deposits	130	130	130	-	-	-
	$ 1,157,243	1,195,164	568,374	421,497	46,264	159,029
December 31, 2022						
Notes payable	$ 38,092	38,092	38,092	-	-	-
Accounts payable	156,494	156,494	156,494	-	-	-
Other payables	233,098	233,098	233,098	-	-	-
Lease liabilities	18,358	18,997	7,072	4,357	4,072	3,496
Long-term borrowings (including current portion)	190,000	224,152	3,430	8,988	42,582	169,152
Bonds Payable	391,559	400,000	-	-	400,000	-
Guarantee deposits	130	130	130	-	-	-
	$ 1,027,731	1,070,963	438,316	13,345	446,654	172,648

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

(iii) Currency risk

1) Currency risk exposure

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
Financial assets						
Monetary items						
USD	$ 19,843	30.7050	609,292	17,541	30.7100	538,698
CNY	50,307	4.3270	217,678	12,630	4.4080	55,672

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	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
Financial liabilities						
Monetary items						
USD	3,014	30.7050	92,531	3,471	30.7100	92,027
CNY	34,613	4.3270	149,762	20,877	4.4080	106,590

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, loans, accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 3% of the NTD against the USD, the CNY at December 31, 2023 and 2022, would have increased or decreased the profit before tax by $14,032 thousand and $9,498 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group disclosed its exchange gains and losses of monetary items aggregately. The Group's exchange gains, including realized and unrealized, were $1,066 thousand and $53,172 thousand for the years ended in 2023 and 2022, respectively.

(iv) Fair value information

1) Categories and fair value of financial instruments

The Group measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the 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 for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	$ 86,172	-	-	86,172	86,172

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Convertible corporate bond redemption rights	$ 80	-	80	-	80
Financial assets measured at fair value through other comprehensive income					
Equity instrument without quoted price measured at fair value	$ 84,158	-	-	84,158	84,158

2) Valuation techniques and assumptions used in fair value determination

The above financial instruments held by the Group are not derivative financial instruments, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

Equity instruments without quoted price: the measurements of fair value of equity instruments without an active market are based on income approach, the market comparable listed company approach or comparable transaction method of market approach, the market comparable listed company approach assumes that the fair value is measured by the investee' estimated net worth of equity, enterprise value and price-book ratio, enterprise value multiplier and price earnings ratio multiplier estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security. The income approach is individually assessed on the average net profit after tax and dividends of the evaluated companies in recent years, and on the average capitalization and yield of the comparable company.

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There is no movement of financial instruments measured at fair value between Level 1, Level 2, and Level 3 for the Group.

4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There were no level transfers from Level 2 to Level 1 in 2023 and 2022.

5) The reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2023	$ 84,158
Total gains and losses	
Recognized in other comprehensive income	1,014
Purchase	1,000
Balance at December 31, 2023	**$ 86,172**
Balanace at January 1, 2022	$ 71,326
Total gains and losses	
Recognized in other comprehensive income	(23,030)
Purchase	35,862
Balance at December 31, 2022	**$ 84,158**

6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income.

The Group classified the equity instrument has significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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Quantified information regarding significant unobservable inputs are as follows:

December 31, 2023

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income－equity investments without an active market	Comparable listed companies approach	• P/B ratio (1.81 and 3.55) • The multiplier of enterprise Value and EBITDA (14.05) • Discount for lack of market liquidity (25.10%~30%)	• The higher the multiples, the higher the fair value • The higher the multiples, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

December 31, 2022

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income－equity investments without an active market	Comparable listed companies approach	• P/B ratio (2.02 and 3.61) • The multiplier of enterprise Value and EBITDA (8.7) • Discount for lack of market liquidity (29.96%~30%)	• The higher the multiples, the higher the fair value • The higher the multiples, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

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

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. 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:

	Inputs	Upward or downward movement	Other comprehensive income arising from changes in fair value	
			Favorable	**Unfavorable**
Balance at December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	939	(939)
	The multiplier of enterprise Value and EBITDA	5%	638	(634)
	Discount for lack of market liquidity	5%	6,209	(6,153)
Balance at December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B ratio	5%	633	(1,344)
	The multiplier of enterprise Value and EBITDA	5%	1,100	(1,073)
	Discount for lack of market liquidity	5%	3,218	(3,789)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risks.

(ii) Risk management framework

The Board of Directors of the Group is full responsible for the establishment and management of the Group's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the framework's operations regularly.

The Group's risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, 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 Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

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

1) Accounts receivable and other receivables

In accordance with the credit policies set out internally by the Group, each operating entity within the Group is required to perform management and credit risk analysis on each of its new customers before setting the terms and conditions for payment and delivery. Internal risk controls assess the credit quality of customers by taking into account of their financial position, past experience and other factors. The use of credit facilities is monitored on a regular basis.

(Continued)

2) Investments

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Group has business with.

(iv) Liquidity risk

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

The Group ensures that there is sufficient cash to meet all contractual obligations. The Group has unused bank facilities for $167,500 thousand as of December 31, 2023

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group 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) Foreign currency risk

The Group's exposure to the risk of exchange rates arising from sales, purchases and borrowing transactions that are not denominated in the functional currency of the individual entities of the Group. The functional currency of the Group's entities is primarily the New Taiwan dollar. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD) and Chinese Yuan (CNY).

The Group has no significant differences or material changes in the accounts receivable and therefore the Group currently uses natural hedging as its primary exchange risk prevention policy in respect of exchange rate risk.

2) Interest rate risk

The financial assets of the Group suffers from fair value risk of their changes in interest rates, are bank deposits; financial liabilities are short-term and long-term borrowings; however, the effect of changes in interest rates on fair value of such financial assets is not significant.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management on December 31, 2023.

The Group uses the debt to equity ratio to manage capital. This ratio is using the total net debt divided by the total capital. The debt from the balance sheet is the total liabilities. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controling interests.

Information on the aggregate amount of the items under the capital management of the Group is as follows:

	December 31, 2023	December 31, 2022
Liabilities	$ 1,471,787	1,444,203
Total equity	$ 1,667,143	1,606,762
Debt-to-equity ratio	88.28 %	89.88 %

(z) Investing and financing activities not affecting cash flows

Reconciliation of liabilities from financing activities for the years ended in 2023 and 2022, were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Changes in lease payments	Foreign exchange movement	Interest expense	December 31, 2023
Short-term borrowings	$ -	50,000	-	-	-	50,000
Bonds Payable	391,559	-	-	-	4,103	395,662
Long-term borrowings	190,000	-	-	-	-	190,000
Lease liabilities	18,358	(10,342)	15,305	(203)	-	23,118
Total liabilities from financing activities	$ 599,917	39,658	15,305	(203)	4,103	658,780

			Non-cash changes					
	January 1, 2022	Cash flows	Changes in lease payments	Foreign exchange movement	Interest expense	Other	Proceeds from disposal of subsidiarie	December 31, 2022
Bonds Payable	$ -	479,105	-	-	3,872	(91,418)	-	391,559
Long-term borrowings	190,000	-	-	-	-	-	-	190,000
Lease liabilities	69,332	(14,174)	17,568	998	-	-	(55,366)	18,358
Total liabilities from financing activities	$ 259,332	464,931	17,568	998	3,872	(91,418)	(55,366)	599,917

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
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Only part of the investment activities paid with cash by the Group acquired the property, plant and equipment. The cash flow information is as follows:

		2023	2022
Property, plant and equipment purchases	$	254,564	115,877
Add: Payable on machinery and equipment at beginning of period		21,526	1,279
Less: Ending balance of payable on machinery and equipment		(5,455)	(21,526)
Cash payments	$	270,635	95,630

(7) Related-party transactions

(a) Parent Group and Ultimate Controlling Party

The Comapny is both the parent company and the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Yaoke Investment Co., Ltd.	Same chairman with the Company
Chang, Yu-Pin	Chairman of the Company
Auden Binghan Education Foundation	Foundation of the Company

(c) Significant transactions with related parties

(i) Leases

The Group rented an office building from Yaoke Investment Co., Ltd. to be used as its headquarter in September 2021. A three year lease contract was signed with the contract price amounting to $3,031 thousand, in which the rental fee is determined based on the nearby office rental rates. As of December 31, 2023 and 2022, the balance of lease liabilities were $1,636 thousand and $2,237 thousand, respectively.

(ii) Donation

In order to fulfill its corporate social responsibility, the Group engages in cultural and educational welfares activities to give back to the community by setting up a national charity called "Auden BingNan Education Foundation", at the amounts of $2,400 thousand and $30,000 thousand, totaling $32,400 thousand, based on the resolutions decided during its board meeting held on March 14, 2023 and November 8, 2022, respectively. Upon the establishment of the foundation, the Chairman has been fully authorized to deal with relevant matters.

The Group funded the amount of $30,000 thousand to establish a foundation; and thereafter, donated the amount of $1,200 thousand to the said foundation. The amount totaling $31,200 thousand had been accounted for under administrative expense-donation.

(Continued)

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 45,609	37,558
Share-based payment	2,549	3,935
Total	**$ 48,158**	**41,493**

Please refer to note 6(r) for the details of share-based payment.

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Other financial assets－current:			
Time deposits	Performance bond guarantee and letter	$ 7,537	7,500
Time deposits and restricted account	Serves as deposit guarantee for bank to issue of notes to suppliers	50,728	37,969
Other non-current financial assets			
Time deposits	Guarantee fund of Customs Duty	1,111	1,100
Demand deposits	Convertible bonds	80,000	80,000
Property, plant and equipment			
Land and building	Short-term and long-term borrowings	324,596	325,858
		$ 463,972	**452,427**

(9) Commitments and contingencies

(a) The aggregate unpaid amounts of contracts are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	**$ 482,231**	**9,475**

The Group entered into an agreement on March 7, 2023 for the construction of its office building. For the amounts of payments that have been made, please refer to note 6(g).

(b) The Group issued a performance bond guarantee by the bank for the business needs on December 31, 2023 and 2022. The guarantee amounts were $9,933 thousand and $23,996 thousand,respectively. The guarantee period outlined in guarantee letter is from July 6, 2023 to June 30, 2024 and from March 24, 2022 to June 30, 2022, respectively.

AUDEN TECHNO CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent events

Please refer to note 6(q)。

(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function / By nature	Year ended December 31 2023			Year ended December 31 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	71,992	244,162	316,154	85,105	306,606	391,711
Labor and health insurance	2,020	13,029	15,049	896	11,761	12,657
Pension	3,827	9,671	13,498	3,226	9,348	12,574
Others	7,795	11,586	19,381	6,211	25,850	32,061
Depreciation	14,754	34,936	49,690	43,716	30,305	74,021
Amortization	1,276	4,615	5,891	-	4,768	4,768

AUDEN TECHNO CORP.
Notes to Consolidated Interim 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 Group in 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
1	The Company	AUDEN TECHNO VIETNAM CO., LTD.	4	113,023	61,410	61,410	-	61,410	10.87 %	226,047	N	N	N

Note 1: The total amount of guarantee shall not exceed 40% of the Group net worth. The total amount of guarantee provided by the Group to any individual entity shall not exceed 20%

Note 2: The calculation was based on the accumulated amounts of guarantees and endorsements divided by the net worth of the latest audited financial statements.

Note 3: The relationship between guarantor and guarantee is as follows:

1) A Group wherein it has business transaction with.
2) A Group in which the public Group, directly and indirectly, holds more than 50% of the voting shares.
3) A Group who holds, directly and indirectly, more than 50% of the voting shares in the public Group.
4) A Group in which the public Group holds, directly or indirectly, 90% or more of the voting shares.
5) A Group that fulfills its contractual obligations by providing mutual endorsements/guarantees for another Group in the same industry or for joint builders for purposes of undertaking a construction project.
6) A Group wherein all capital contributing shareholders endorse/ guarantee for their jointly invested Group in proportion to their shareholding percentages.
7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-constructed building pursuant to the Consumer Protection Act for each other.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Highest	Remarks
				Number of units	Book value	Holding percentage	Market value	Percentage of ownership	
The Comapny	Stock: Ceradex Corporation	－	Financial assets at fair value through other comprehensive income－non-current	636,130	11,635	8.20 %	11,635	636,130	
The Comapny	TMY TECHNOLOGY INC.	－	Financial assets at fair value through other comprehensive income－non-current	800,000	7,120	2.08 %	7,120	800,000	
The Comapny	WHALETEQ CO., LTD	－	Financial assets at fair value through other comprehensive income－non-current	452,800	18,777	8.81 %	18,777	452,800	
The Comapny	Dotspace, Inc.	－	Financial assets at fair value through other comprehensive income－non-current	12,000,000	47,640	16.79 %	47,640	12,000,000	
The Comapny	SOIC Marine Solution Co., Ltd.	－	Financial assets at fair value through other comprehensive income－non-current	100,000	1,000	7.14 %	1,000	100,000	

(Continued)

AUDEN TECHNO CORP.
Notes to Consolidated Interim Financial Statements

(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

Name of company	Name of property	Transaction date (note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
The Comapny	The construction of the factory was curried out by the local commission	2023.3.7	724,500	(note 2)	Fu Tai Construction Co., Ltd.	None	None	None	None	-	Self-commissioned construction is not applicable	Expand R&P energy respond to future aperational development needs	None

Note 1: The transaction amount (including tax) and the tax-free amount should be $724,500 thousand and $690,000 thousand, respectively.

Note 2: As of December 31, 2023, the amount of $213,157 thousand that had been paid was recorded as construction in progress according to the contract.

(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$100 million or 20% of the capital stock

Name of company	Counter-party	Relationship (note 2)	Transaction details: Purchase / (Sale)	Amount	Percentage of total purchases / sales	Credit period	Status and reason for deviation from arm's-length transaction: Unit price	Credit period	Account / note receivable (payable): Balance	Percentage of total accounts / notes receivable (payable)	Remarks
The Comapny	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Subsidiaries	Purchase	439,084	56.14 %	Note 1	-	Note 1	(160,297)	(77.09)%	
The Comapny	Auden Techno Corp. (Shanghai)	Subsidiaries	Sales	144,823	10.32 %	Note 2	-	Note 2	17,426	5.08 %	

Note 1: There were no significant differences in the selling prices and trading terms between related parties and regular customers.

Note 2: The Comapny purchased the products from related party, and none of such products are purchased from the general manufacturer and therefore the purchase price of the products is not comparable. The payment terms of purchase transactions with related parties were not significantly different from those offered by other vendors.

Note 3: The intercompany transactions with the Comapny were eliminated in the consolidated financial statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount: Amount	Overdue amount: Action taken	Amounts received in subsequent period (note 1)	Allowances for bad debts
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	Subsidiaries	160,297	3.35	-		47,609	-

Note 1: As of March 1, 2024

(ix) Trading in derivative instruments: Please refer to note 6(m).

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Notes to Consolidated Interim Financial Statements

(x) Business relationships and significant intercompany transactions

No. (note 1)	Name of company	Name of counter-party	Nature of relationship (note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Comapny	Auden Techno Corp. (Shanghai)	1	Sales revenue	144,823	For ordinary customer, payment is made approximately 90 days after the sales	8.14%
1	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	2	Sales revenue	439,084	For ordinary customer, payment is made approximately 90 days after the sales	24.67%
1	Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	The Comapny	2	Accounts receivable due from related parties	160,297	For ordinary customer, payment is made approximately 90 days after the sales	5.11%

Note 1: Numbers are filled in as follows:

1."0" represents the Comapny

2.The subsidiaries start with number 1.

Note 2: Relationship with the listed companies:

1.Transactions from parent company to subsidiary

2.Transactions from subsidiary to parent company

3.Transactions between subsidiaries

Note 3: The account in the balance sheet accounted for more than 1% of the consolidated total assets and accounts in profit or loss accounted for more than 1% of the consolidated total revenue in the are disclosed.

(b) Information on investees

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

Unit: in thousands of dollars

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Highest	Net income (loss) of investee (note 1)	Investment income (loss) (note 1)	Remarks
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value (note 1 and 2)	Percentage of ownership			
The Comapny	AUDEN BVI	The British Virgin Islands	Investment Holding (investee)	113,861 (USD3,399)	113,861 (USD3,399)	3,398,888	100.00 %	564,243	3,398,888	29,434	29,889	Note 3
The Comapny	LUCKY	(MAURITIUS)	Investment Holding (investee)	62,117 (USD1,998)	62,117 (USD1,998)	1,997,980	100.00 %	158,769	1,997,980	14,925	15,113	Note 3
The Comapny	Auray Technology Corp.	Taiwan	Tests of communication products	100,000	60,000	10,000,000	100.00 %	90,876	10,000,000	(5,761)	(5,761)	Note 4
The Comapny	Auden Intelligence Carbon Solution Co. Ltd.	Taiwan	Carbon reduction consultation and assistance improvments	24,000	10,000	2,400,000	80.00 %	19,136	2,400,000	(6,471)	(5,768)	
BVI	AUDEN VIETNAM	Vietnam	Manufacure and sales of various types of antenna and other optical equipment and instruments	61,856 (USD2,000)	-	200,000	100.00 %	46,040	200,000	(13,868)	(13,868)	

Note 1: The carrying amounts and investment profit are calculated based on the financial statements of the investee company auditor by the accountants for the same period.

Note 2: Transactions between the Comapny and each subsidiary of the consolidated entity, including the amount of business transaction, accounts receivable,accounts payable, carrying amount of long-term investments and investment profit recognized for the period, have been eliminated in the preparation of the consolidated financial statements.

Note 3: The difference between investment profit recognized for the period and current profit and loss of investee is arising from sidestream transactions.

Note 4: The difference between investment profit recognized for the period and current profit and loss of investee is effect of IFRS16.

AUDEN TECHNO CORP.
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(c) Information on investment in mainland China

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

Unit: in thousands of dollars

Name of investee in Mainland China	Scope of business	Issued capital (note 4)	Method of investment (note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023 (note 3)	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2023 (note 3)	Net income (losses) of the investee	Direct / indirect investment holding percentage	Highest Percentage of ownership	Investment income (losses) (note 2)	Book value (note 2)	Accumulated remittance of arnings in current period
					Remittance amount	Repatriation amount							
Auden Communications & Multimedia Techno (Kunshan) Co., Ltd	Manufacture and sales of various types of antenna and other optical equipment and instruments	76,763 (USD2,500)	2	76,763 (USD2,500)	-	-	76,763 (USD2,500)	-	100.00 %	76,763 (USD2,500)	47,470	330,884	75,367
Auden Techno Corp. (Shanghai)	Sales of instruments	46,058 (USD1,500)	2	46,058 (USD1,500)	-	-	46,058 (USD1,500)	-	100.00 %	46,058 (USD1,500)	16,593	85,440	-

Note 1: Three types of investment method are as follows:

1.Direct investment in Mainland China.

2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (AUDEN BVI andLUCKY)

3.Others

Note 2: The carrying amounts of investment as of December 31 and investment profit recognized by the Comapny are calculated based on the financial statements of the investee company auditor by the parent company's accountants for the same period.

Note 3: At the end of the period, the exchange rate of USD to NTD is 1:30.705 and the exchange rate of RMB to NTD is 1:4.327, except that the outward exchanges in current period were stated at the actual amount.

Note 4: The transactions were written-off in the consolidated financial statements.

(ii) Limitation on investment in Mainland China

Unit: in thousands of dollars

Company Name	Accumulated investment amount in Mainland China as of 2023 (note 2)	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs (note 2)	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs(note 1)
Auden Techno Corp.	192,152 (USD 6,258) (note 3)	199,705 (USD 6,504) (note 3)	997,415 (note 1)

Note 1: The higher of 60% of net or the Group's net value.

Note 2: At the end of the period, the exchange rate of USD to NTD is presented as 1:30.705.

Note 3: Includes the investment amount of USD250 thousand of the liquidated CC&C (Chengdu) and the disposal of TA Technology (Shanghai) Co., Ltd. the investment amount is USD2,008 thousand.

(iii) Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in"Information on significant transactions".

AUDEN TECHNO CORP. AND SUBSIDIARIES
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(d) Major shareholders

Shareholding Shareholder's Name	Shares	Percentage
Yaoke Investment Co., Ltd.	3,621,102	7.73 %
Yaohong Investment Co., Ltd.	2,601,000	5.55 %

(14) Segment information

(a) General information

The management of the Group has identified the reportable segment based on the reporting information used by the board of directors in decision makings. The operational decision makers of the Group evaluate business performances from a product-specific perspective. Revenue is mainly generated from three main categories: RFID antenna, measuring equipment and test and certification. The Group provides operations results of each consolidated financial statements to the key decision makers for review and for the purpose of evaluating the performance of such product.

The Group's operating segment information and the reconciliations were as follows:

	2023					
	Antenna	**Measurement equipment**	**Testing and certification services**	**Others**	**Reconciliation and eliminations**	**Total**
Revenue:						
Revenue from external customers	$ 882,083	854,843	40,281	2,431	-	1,779,638
Intersegment revenues	-	960	-	-	(960)	-
Total revenue	**$ 882,083**	**855,803**	**40,281**	**2,431**	**(960)**	**1,779,638**
Depreciation and amortization	**$ 35,144**	**7,927**	**11,981**	**529**	**-**	**55,581**
Reportable segment profit or loss	**$ 89,968**	**192,824**	**(10,046)**	**(3,612)**	**-**	**269,134**

	2022					
	Antenna	**Measurement equipment**	**Testing and certification services**	**Others**	**Reconciliation and eliminations**	**Total**
Revenue:						
Revenue from external customers	$ 794,587	717,204	206,248	-	-	1,718,039
Intersegment revenues	-	673	-	-	(673)	-
Total revenue	**$ 794,587**	**717,877**	**206,248**	**-**	**(673)**	**1,718,039**
Depreciation and amortization	**$ 34,951**	**6,048**	**37,789**	**1**	**-**	**78,789**
Reportable segment profit or loss	**$ 119,398**	**282,653**	**1,752**	**(1,806)**	**-**	**401,997**

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Segmental assets and segmental liabilities are not indicators for reviewing operational results by key decision makers of the Group and therefore the items were not disclosed.

(b) Products and services information

The segmental information of the Group is divided into reporting departments based on different products and services, and the revenue from external customers is disclosed in it, so no additional product and service information is disclosed.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from the external customers:

Geographical information	2023	2022
Taiwan	$ 400,650	245,280
Mainland China	1,353,463	1,445,252
Other countries	25,525	27,507
Total	**$ 1,779,638**	**1,718,039**

Non-current assets:

Geographical information	December 31, 2023	December 31, 2022
Taiwan	$ 678,970	488,100
Mainland China	74,085	44,622
Total	**$ 753,055**	**532,722**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets, excluding financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Major customers

The details of sales revenue from external customers accounted more than 10% of the amount of consolidated statement of comprehensive income are as follows:

	2023	
	Amout	**%**
Company A	**$ 273,347**	**15**
Company B	**$ 232,743**	**13**

	2022	
	Amout	**%**
Company A	**$ 246,512**	**14**