KKCompany Technologies Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
KKCompany Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of KKCompany Technologies Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

As disclosed in Note 1 to the consolidated financial statements, KKCompany Technologies Inc. was a subsidiary newly established by KKCompany Inc. in the fourth quarter of the year 2022. Due to the organization restructuring being under common control, the consolidated financial statements for the prior period are restated under the assumption that the Company and its related subsidiaries were consolidated and disposed of at the very beginning. Our opinion is not modified in respect of this matter.

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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows.

Subscription Revenue Recognition of Music Streaming Service

The Group mainly provides music streaming services. Due to the reliance on data interfacing with the member subscription system for the accuracy and completeness of the subscription revenue recognition, the music streaming services subscription revenue for the year ended December 31, 2023 represented a significant portion of the consolidated revenue for the year. Therefore, we considered the subscription revenue of music streaming services is a key audit matter.

For the accounting policies related to music streaming service subscription revenue, refer to Note 4(m) to the consolidated financial statements.

Our audit procedures performed included the following:

1. We obtained an understanding of the controls on related system interfacing of music streaming services, evaluated the design of the controls and tested the operating effectiveness of such controls.

2. We tested the access control and change control of the member subscription system.

3. We performed tests of details.

Recognition and Measurement of Net Assets Acquired from the Acquisition of Taiwan Kuro Times Co., Ltd.

In order to expand the business scale, the Group acquired Taiwan Kuro Times Co., Ltd. in 2023. The purchase price was significant and the net assets acquired through purchase price allocation should be measured and recognized for their fair value. Those measurements were involved with judgments and estimates made by management; thus, the recognition and measurement of net assets acquired from the acquisition of Taiwan Kuro Times Co., Ltd. is considered a key audit matter, refer to Note 25.

Our audit procedures performed included the following:

1. We obtained the acquisition agreement and validated the details against the supporting documents.

2. We assessed the independence and eligibility of the external expert engaged by the management.

3. We reviewed the purchase price allocation report issued by the external expert engaged by the management, and assessed the rationalities of the methodology, assumptions and parameters applied by the external expert. We also confirmed the amounts recognized by the Company.

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, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including 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 maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuo-Ning Huang and Chih-Ming Shao.

Kuo-Ning, Huang   Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

<u>*Notice to Readers*</u>

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

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

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,322,649	52	$ 1,131,369	48
Financial assets at amortized cost (Note 8)	136,275	3	137,786	6
Contract assets (Notes 20 and 29)	-	-	26,700	1
Trade receivables (Notes 9 and 20)	189,059	4	127,228	6
Trade receivables from related parties (Notes 9, 20 and 29)	279,765	6	318,419	14
Other receivables	6,027	-	359	-
Other receivables from related parties (Note 29)	1,770	-	7,438	-
Current tax assets	4,697	-	16,229	1
Prepayments (Note 10)	314,806	7	284,975	12
Other current assets (Note 30)	3,175	-	8,523	-
Total current assets	3,258,223	72	2,059,026	88
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 7 and 28)	7,374	-	7,645	-
Plant, property and equipment (Note 12)	23,243	-	14,751	1
Right-of-use assets (Note 13)	16,194	-	3,860	-
Intangible assets (Note 14)	796,636	18	219	-
Goodwill (Note 15)	263,890	6	-	-
Deferred tax assets (Note 22)	28,409	1	2,144	-
Refundable deposits (Note 29)	39,152	1	22,076	1
Long-term prepayments (Note 10)	82,602	2	227,331	10
Net defined benefit assets (Note 18)	4,366	-	5,423	-
Total non-current assets	1,261,866	28	283,449	12
TOTAL	$ 4,520,089	100	$ 2,342,475	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 20 and 29)	$ 96,393	2	$ 93,751	4
Notes and trade payables	569,890	13	782,398	34
Trade payables to related parties (Note 29)	7,508	-	7,670	1
Other payables (Note 16)	340,130	8	143,012	6
Other payables to related parties (Note 29)	3,616	-	3,516	-
Current tax liabilities	8,711	-	25,932	1
Lease liabilities (Note 13)	11,855	-	3,335	-
Other current liabilities	17,757	-	53,203	2
Total current liabilities	1,055,860	23	1,112,817	48
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 22)	191,657	4	27,327	1
Lease liabilities (Note 13)	4,121	-	170	-
Long-term other payables (Note 25)	307,050	7	-	-
Net defined benefit liabilities (Note 18)	13,239	1	7,514	-
Other non-current liabilities (Note 17)	1,462	-	-	-
Total non-current liabilities	517,529	12	35,011	1
Total liabilities	1,573,389	35	1,147,828	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Ordinary shares	1,639,960	36	1,043,800	45
Capital surplus	1,455,614	32	-	-
Retained earnings				
Legal reserve	3,134	-	-	-
Unappropriated earnings	100,627	2	31,341	1
Total retained earnings	103,761	2	31,341	1
Other equity	(377,970)	(8)	(23,831)	(1)
Total equity attributable to owners of the Company	2,821,365	62	1,051,310	45
EQUITY ATTRIBUTABLE TO FORMER OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL	-	-	19,537	1
EQUITY ATTRIBUTABLE TO SUBSEQUENT OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL	-	-	(10,000)	(1)
NON-CONTROLLING INTERESTS (Note 19)	125,335	3	133,800	6
Total equity	2,946,700	65	1,194,647	51
TOTAL	$ 4,520,089	100	$ 2,342,475	100

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 20 and 29)	$ 2,968,042	100	$ 2,939,399	100
OPERATING COSTS (Notes 21 and 29)	1,828,321	62	1,775,925	60
GROSS PROFIT	1,139,721	38	1,163,474	40
OPERATING EXPENSES (Notes 21 and 29)				
Selling and marketing expenses	216,400	7	172,564	6
General and administrative expenses	487,713	16	512,851	17
Research and development expenses	372,191	13	284,311	10
Expected credit loss	128	-	772	-
Total operating expenses	1,076,432	36	970,498	33
INCOME FROM OPERATIONS	63,289	2	192,976	7
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 29)				
Interest income	24,127	1	5,494	-
Other income	2,681	-	21,215	1
Other gains and losses	5,202	-	15,049	-
Financial costs	(369)	-	(113)	-
Share of loss of associate accounted for using the equity method	(2,988)	-	-	-
Total non-operating income and expenses	28,653	1	41,645	1
INCOME BEFORE INCOME TAX	91,942	3	234,621	8
INCOME TAX EXPENSE (Note 22)	(12,886)	-	(44,889)	(2)
NET INCOME FOR THE YEAR	79,056	3	189,732	6
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of the net defined benefits plans	(6,294)	-	21,817	-
Exchange differences on translation to the presentation currency	(48,317)	(2)	55,823	2
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	2,767	-	(4,363)	-

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KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	$ (18,388)	(1)	$ (14,534)	-
Share of the other comprehensive income of associates accounted for using the equity method	43	-	-	-
Total other comprehensive income for the year	(70,189)	(3)	58,743	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 8,867	-	$ 248,475	8
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 95,529	3	$ 28,035	1
Former owner of business combination under common control	(7,416)	-	149,414	5
Subsequent owner of business combination under common control	-	-	1,071	-
Non-controlling interests	(9,057)	-	11,212	-
	$ 79,056	3	$ 189,732	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 25,681	1	$ 57,456	2
Former owner of business combination under common control	(7,416)	-	172,569	6
Subsequent owner of business combination under common control	-	-	953	-
Non-controlling interests	(9,398)	(1)	17,497	-
	$ 8,867	-	$ 248,475	8
EARNINGS PER SHARE (Note 23)				
Basic	$ 0.66		$ 1.71	
Diluted	$ 0.66		$ 1.71	

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

(With Deloitte & Touche auditors' report dated March 7, 2024) (Concluded)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attribute to Owners of the Company (Note 19)											
				Retained Earnings		Other Equity						
	Shares (In Thousands)	Capital Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unearned Employee Compensation	Total	Equity Attributable to Former Owner of Business Combination under Common Control	Equity Attributable to Subsequent Owner of Business Combination under Common Control	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 809,050	$ 1,750	$ 116,303	$ 927,103
Issuance of ordinary shares	620	6,199	-	-	(21)	-	-	6,178	-	-	-	6,178
Adjustment for the changes in equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	15,445	-	-	15,445
Adjustment for the changes in equity attributable to subsequent owner of business combination under common control	-	-	-	-	-	-	-	-	-	(3,000)	-	(3,000)
Net income for the year ended December 31, 2022	-	-	-	-	28,035	-	-	28,035	149,414	1,071	11,212	189,732
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	14,374	15,047	-	29,421	23,155	(118)	6,285	58,743
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	42,409	15,047	-	57,456	172,569	953	17,497	248,475
Organization restructure	103,760	1,037,601	-	-	(11,047)	(38,878)	-	987,676	(977,527)	(9,703)	-	446
BALANCE AT DECEMBER 31, 2022	104,380	1,043,800	-	-	31,341	(23,831)	-	1,051,310	19,537	(10,000)	133,800	1,194,647
Appropriation of 2022 earnings												
Legal reserve	-	-	-	3,134	(3,134)	-	-	-	-	-	-	-
Issuance of ordinary shares	56,520	565,200	1,187,500	-	(3,928)	-	-	1,748,772	-	-	-	1,748,772
Acquisition of associate (Note 29)	-	-	-	-	(7,409)	-	-	(7,409)	-	-	-	(7,409)
Disposal of subsidiary (Note 26)	-	-	-	-	(4,738)	6,602	-	1,864	-	-	-	1,864
Share-based payment transactions (Note 24)	3,096	30,960	268,114	-	-	-	(292,656)	6,418	-	-	-	6,418
Net income (loss) for the year ended December 31, 2023	-	-	-	-	95,529	-	-	95,529	(7,416)	-	(9,057)	79,056
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(3,331)	(66,517)	-	(69,848)	-	-	(341)	(70,189)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	92,198	(66,517)	-	25,681	(7,416)	-	(9,398)	8,867
Organization restructure	-	-	-	-	(3,703)	(1,568)	-	(5,271)	(12,121)	10,000	933	(6,459)
BALANCE AT DECEMBER 31, 2023	163,996	$ 1,639,960	$ 1,455,614	$ 3,134	$ 100,627	$ (85,314)	$ (292,656)	$ 2,821,365	$ -	$ -	$ 125,335	$ 2,946,700

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

(With Deloitte & Touche auditors' report dated March 7, 2024)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 91,942	$ 234,621
Adjustments for:		
Depreciation expense	39,242	19,129
Amortization expense	2,644	5,688
Expected credit loss	128	772
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	271	(1,455)
Financial costs	369	113
Interest income	(24,127)	(5,494)
(Gain) loss on disposal of plant, property and equipment	(26)	49
Share of loss of associate accounted for using the equity method	2,988	-
Compensation cost of share-based payment transactions	6,418	-
Impairment loss on prepayments	6,419	-
Changes in operating assets and liabilities		
Contract assets	26,700	(26,700)
Trade receivables	(59,823)	28,084
Trade receivables from related parties	38,654	(41,828)
Other receivables	150	98
Other receivables from related parties	5,378	(6,387)
Prepayments	172,470	(244,369)
Other current assets	6,348	967
Contract liabilities	1,250	(16,429)
Notes and trade payables	(216,354)	56,181
Trade payables to related parties	(137)	(2,004)
Other payables	38,202	(5,246)
Other payables to related parties	100	(15,938)
Other current liabilities	(35,428)	42,467
Net defined benefit assets/liabilities	489	1,176
Cash generated from operations	104,267	23,495
Interest received	24,127	5,494
Interest paid	(369)	(113)
Income tax paid	(34,665)	(33,734)
Net cash generated from (used in) operating activities	93,360	(4,858)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease of financial assets at amortized cost	1,511	25,205
Acquisition of associate	(8,892)	-
Net cash outflow on acquisition of subsidiaries	(440,649)	-
Net cash inflow from disposal of subsidiary	4,443	-
Prepayments for investments	(61,410)	-
Payments for plant, property and equipment	(18,910)	(4,376)
Proceeds from disposal of plant, property and equipment	75	187

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KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Payments for intangible assets	$ (7,591)	$ (262)
Increase in refundable deposits	(17,089)	(92)
Net cash (used in) generated from investing activities	(548,512)	20,662
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary shares	1,748,772	-
Adjustment for the changes in equity attributable to former owner of business combination under common control	-	15,445
Adjustment for the changes in equity attributable to subsequent owner of business combination under common control	-	(3,000)
Organization restructure	(6,169)	-
Repayment of lease liabilities	(26,737)	(6,535)
Net cash generated from financing activities	1,715,866	5,910
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(69,434)	41,456
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,191,280	63,170
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,131,369	1,068,199
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,322,649	$ 1,131,369

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

(With Deloitte & Touche auditors' report dated March 7, 2024) (Concluded)

1. GENERAL INFORMATION

KKCompany Technologies Inc. (the "Company") was established on November 23, 2022 in the Cayman Islands for the purpose of applying for listing on the Taiwan Stock Exchange Corporation.

The Company and its subsidiaries (collectively referred to as the "Group") primarily provide music streaming services and multimedia services.

Starting in September 2022, the Company underwent an organizational restructure within the group. The steps for investment structure adjustments are as follows:

a. In September 2022, KKCompany Inc. purchased 100% equity of KKLive Limited, Going Cloud Co., Ltd., KKCompany Media & Technology Limited, KKBOX (Malaysia) Sdn. Bhd., KKBOX Thailand Co., Ltd., and 70% equity of KKBOX Taiwan Co., Ltd. from KKBOX International Limited, KKBOX International Limited also reduced its capital by the same amount and returned it to KKCompany Inc.

b. In September 2022, KKStream Limited regarded its subsidiary KKCompany Japan LLC as dividends and distributed to KKCompany Inc.

c. In September 2022, KKCompany Inc. established KKCompany Media & Technology Pte. Ltd. by offering its 100% subsidiaries, KKCompany Media & Technology Limited, KKBOX (Malaysia) Sdn. Bhd., KKCompany Japan LLC, and its 70% subsidiaries, KKBOX Taiwan Co., Ltd., and US$500 thousand as share capital.

d. In November 2022, KKCompany Inc. established the Company and offered its subsidiaries, KKCompany Media & Technology Pte. Ltd., KKStream Limited, and KKBOX International Limited, as share capital.

e. In December 2022, the Company established the subsidiary Going Cloud Pte. Ltd. with a capital of US$1.

f. In December 2022, KKBOX International Limited sold 100% equity of KKBOX Beijing Co., Ltd. to KKCompany Inc.

g. In February 2023, KKBOX Taiwan Co., Ltd. sold the Longhumen music brand and related businesses to KKCulture Co., Ltd., a subsidiary of KKCompany Inc.

h. In March 2023, Going Cloud Pte. Ltd. purchased 100% equity in Going Cloud Co., Ltd. from KKCompany Inc.

i. In June 2023, KKCompany Technologies Pte. Ltd. acquired all the business of KKBOX (Malaysia) Sdn. Bhd. and subsequently sold the 100% equity of KKBOX (Malaysia) Sdn. Bhd. to KKCompany Inc.

After completing the organization's restructuring, the Company became the ultimate parent company. As the aforementioned organizational restructuring was made under common control, the financial statements accounted for the carrying amounts, and the prior period was restated under the assumption that the Company and its related subsidiaries were consolidated/deconsolidated at the very beginning.

The application for the listing of the Company's stock on the Taiwan Stock Exchange Corporation was approved by the board of directors of the Taiwan Stock Exchange Corporation on December 19, 2023.

The functional currency of the Company is the U.S. dollar. However, as the Company's stocks are traded on the Taiwan Stock Exchange Corporation, for greater comparability and consistency of the financial statements, the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 7, 2024.

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

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

   Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

   Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

   Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

The transactions of group restructure under common control are accounted for using the carrying amounts of the entities, and the prior period in the consolidated financial statements are prepaid under the assumption that the Company and its related subsidiaries were consolidated or disposed at the very beginning.

In preparing the consolidated comparative balance sheet, the equity held by the original shareholders of the subsidiaries was attributable to “Equity attributable to former owner of business combination under common control” and deducted from “Equity attributable to subsequent owner of business combination under common control”. In preparing the consolidated comparative income statement, the profit or loss recognized by the original shareholders of the subsidiaries was attributable to “Income attributable to former owner of business combination under common control” and deducted from “Income attributable to subsequent owner of business combination under common control.”

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

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

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies that are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group from functional currencies to the presentation currency, were not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of joint control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Property, plant and equipment

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

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

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured at cost less accumulated amortization and accumulated impairment loss.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as FVTPL. Financial assets mandatorily classified as at FVTPL are debt instruments that do not meet the amortized cost criteria.

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

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables (including related parties) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

Cash equivalents include time deposits that have a short maturity of three months or less from the date of acquisition, and are highly liquid, readily convertible to known amounts in cash and the risk of changes in value is insignificant. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

b) Impairment of financial assets

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

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

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

The impairment loss of all financial assets held by the Group is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognized financial liabilities

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

m. Revenue recognition

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

1) Subscription revenue

The Group provides music streaming services and multimedia services to subscription users and recognizes revenue by reference to the stage of completion of the contract over the service period. The advanced receipts obtained before services are rendered are recognized as contract liabilities and reclassified as revenues when services are rendered over the service period.

2) Solution revenue

The Group provides development and maintenance services for technical support of video streaming, customers simultaneously obtain and consume the benefit provided by the Group’s performance, and the relevant revenue is recognized when the services are provided. The Group measures the progress of services for development based on the percentage of incurred man-hours in the estimated total man-hours. The Group recognizes the service income as contract assets when the service is provided and transfers it to accounts receivable when the service is completed.

3) Other revenue

The Group provides advertising services on the music streaming platform and obtains sponsorship revenue from music streaming marketing events. The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

n. Leases

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

<u>The Group as lessee</u>

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments that depend on an index or a rate. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

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

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs or in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant and measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Share-based payment arrangement

Restricted shares for employees granted to employees

Restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimate of the number expected to ultimately vest, with a corresponding adjustment in other equity - unearned employee compensation.

When restricted shares for employees are issued, other equity - unearned employee compensation is recognized on the grant date, with a corresponding increase in capital surplus - employee restricted shares.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 236	$ 209
Checking accounts and demand deposits	1,970,323	813,938
Cash equivalents (time deposits with original maturities of 3 months or less)	352,090	317,222
	$ 2,322,649	$ 1,131,369

The market interest rate intervals of cash in banks and cash equivalents at the end of the year were as follows:

	December 31	
	2023	2022
Demand deposits	0.001%-4.00%	0.001%-2.98%
Cash equivalents		
Time deposits with original maturities of 3 months or less	1.10%-5.00%	0.975%-4.45%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Convertible note	$ 7,374	$ 7,645

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	$ 136,275	$ 137,786

As of December 31, 2023 and 2022, the interest rates for time deposits with original maturities of more than 3 months were 1.1%-1.3% and 1.175%-2.5%, respectively.

9. TRADE RECEIVABLES, NET (INCLUDING THOSE FROM RELATED PARTIES)

	December 31	
	2023	2022
At amortized cost		
Trade receivables	$ 189,296	$ 128,321
Trade receivables from related parties	279,765	318,419
Less: Allowance for impairment loss	(237)	(1,093)
	$ 468,824	$ 445,647

The average credit period for accounts receivable ranges from 30 to 90 days. The Group has established a dedicated department to manage accounts receivable, formulated relevant management procedures, implemented credit investigations and credit limit management to ensure the interests of the Group.

The Group adopts the simplified approach of IFRS 9 to measure the loss allowance for the accounts receivable at an amount equal to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the customer and the customer's financial position. The group comprehensively considers factors such as the aging of accounts receivable, customer ratings and accounts receivable preservation mechanisms to determine the expected credit loss rate. The expected credit loss rate as of December 31, 2023 is between 0.01% and 100%. However, if an assessment indicates that the counterparty is facing severe financial difficulties and the Group cannot reasonably expect to recover the amount, the group recognizes a 100% of allowance for credit losses. Nevertheless, the Group continues to recover the amounts, and any amounts recovered through the process are recognized in the profit or loss.

The aging of trade receivables (including those from related parties) were as follows:

	December 31	
	2023	2022
Not past due	$ 447,447	$ 436,323
Overdue 1-90 days	19,154	2,001
Overdue 91-180 days	2,116	5,513
Overdue over 181 days	344	2,903
Gross carrying amount	469,061	446,740
Loss allowance (Lifetime ECLs)	(237)	(1,093)
Amortized cost	$ 468,824	$ 445,647

The movements of the loss allowance of trade receivables (including those from related parties) were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,093	$ 307
Add: Expected credit loss	128	772
Less: Amounts written off	(938)	-
Effects of foreign currency exchange differences	(46)	14
Balance at December 31	$ 237	$ 1,093

10. PREPAYMENTS

	December 31	
	2023	2022
Current		
Prepaid content royalties	$ 233,355	$ 147,438
Prepaid cloud computing costs	28,664	126,237
Other	52,787	11,300
	$ 314,806	$ 284,975

(Continued)

	December 31	
	2023	2022
Non-current		
Prepaid content royalties	$ -	$ 227,331
Prepayment for investments	61,410	-
Other	21,192	-
	$ 82,602	$ 227,331

(Concluded)

The Group assessed that a part of prepaid content royalties has no future economic benefits; therefore, the recognized impairment loss was $6,419 thousand in operating costs for the year ended December 31, 2023.

In order to expand streaming technology and business development of the Group, and to strengthen the cooperation with a non-related party, Trend Micro Incorporation, the Group signed a business transfer contract in August 2023, with an estimated consideration of US$4,000 thousand, to obtain a specific business of Trend Mirco Incorporation. As of December 31, 2023, the prepayment for the acquisition was $61,410 thousand (US$2,000 thousand). On January 15, 2024, the business transfer has completed and paid the final payment of US$2,000 thousand.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements.

			Combined Shareholding Ratio (%)		
			December 31		
Investor	**Investee**	**Main Business**	**2023**	**2022**	**Note**
KKCompany Technologies Inc.	KKCompany Technologies Pte., Ltd.	Software information processing, electronic information supply services, online audio and video streaming technology support services	100	100	
	KKBOX International Limited	Investment	100	100	e.
	KKStream Limited	Providing technical and related services for online video applications	100	100	e.
	Going Cloud Pte., Ltd.	Software information processing and electronic information supply services	100	100	
	Taiwan Kuro Times Co., Ltd.	Software information processing and electronic information supply services	100	-	a.
KKCompany Technologies Pte., Ltd.	KKBOX Taiwan Co., Ltd.	Software information processing and electronic information supply services	70	70	
	KKCompany Media & Technology Limited	Providing technical and related services for online video applications	100	100	e.
	KKBOX (Malaysia) Sdn. Bhd.	Software information processing and electronic information supply services	-	100	b.
	KKCompany Japan LLC	Software information processing and electronic information supply services	100	100	
KKStream Limited	KKStream Technologies Co., Ltd.	Software information processing and electronic information supply services	100	100	e.
Going Cloud Pte., Ltd.	Going Cloud Co., Ltd.	Software information processing and electronic information supply services	100	100	c.
	Going Cloud Japan LLC	Software information processing and electronic information supply services	-	-	d.
KKBOX Taiwan Co., Ltd.	KKBOX Hong Kong Limited	Software information processing and electronic information supply services	100	100	

a. In September 2023, the Company's board of directors resolved to acquire 100% equity of Taiwan Kuro Times Co., Ltd. from a non-related party. The transaction date is December 29, 2023, please refer to Note 25.

b. In June 2023, KKCompany Technologies Pte. Ltd. acquired all the business of KKBOX (Malaysia) Sdn., Bhd. and subsequently sold its 100% equity in KKBOX (Malaysia) Sdn., Bhd. to KKCompany Inc. Please refer to Note 26.

c. In March 2023, Going Cloud Pte., Ltd. purchased 100% equity in Going Cloud Co., Ltd. from KKCompany Inc.

d. In order to expand cloud operational business, the Group established a new subsidiary in December 2023; however, capital injection has not been made as of December 31, 2023.

e. On March 7, 2023, in order to enhance operational efficiency and diversify regional risks, the Company's board of directors resolved to liquidate KKBOX International Limited, KKStream Limited, KKCompany Media & Technology Limited, and KKStream Technologies Co., Ltd.

The financial statements of subsidiaries included in the consolidated financial statements were audited.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Computer Communication Equipment	Office Equipment	Total
Cost				
Balance at January 1, 2023	$ 28,625	$ 153,735	$ 5,083	$ 187,443
Additions	300	14,983	3,627	18,910
Disposals	(6,426)	(31,428)	(3,332)	(41,186)
Acquisitions through business combinations (Note 25)	-	15,474	24	15,498
Effect of foreign currency exchange differences	(208)	(64)	(104)	(376)
Balance at December 31, 2023	$ 22,291	$ 152,700	$ 5,298	$ 180,289
Accumulated depreciation				
Balance at January 1, 2023	$ (26,538)	$ (142,043)	$ (4,111)	$ (172,692)
Depreciation expense	(557)	(11,296)	(544)	(12,397)
Disposals	6,426	31,379	3,332	41,137
Acquisitions through business combinations (Note 25)	-	(13,229)	(24)	(13,253)
Effect of foreign currency exchange differences	84	31	44	159
Balance at December 31, 2023	$ (20,585)	$ (135,158)	$ (1,303)	$ (157,046)
Carrying amount at December 31, 2023	$ 1,706	$ 17,542	$ 3,995	$ 23,243

(Continued)

	Leasehold Improvements	Computer Communication Equipment	Office Equipment	Total
Cost				
Balance at January 1, 2022	$ 34,523	$ 223,619	$ 12,737	$ 270,879
Additions	623	3,002	751	4,376
Disposals	(6,433)	(72,858)	(8,352)	(87,643)
Effect of foreign currency exchange differences	(88)	(28)	(53)	(169)
Balance at December 31, 2022	$ 28,625	$ 153,735	$ 5,083	$ 187,443
Accumulated depreciation				
Balance at January 1, 2022	$ (32,242)	$ (203,548)	$ (12,167)	$ (247,957)
Depreciation expense	(654)	(11,321)	(283)	(12,258)
Disposals	6,321	72,799	8,287	87,407
Effect of foreign currency exchange differences	37	27	52	116
Balance at December 31, 2022	$ (26,538)	$ (142,043)	$ (4,111)	$ (172,692)
Carrying amount at December 31, 2022	$ 2,087	$ 11,692	$ 972	$ 14,751

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Category	Useful Life
Leasehold improvements	3 years
Computer communication equipment	2-6 years
Office equipment	2-15 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Office	$ 16,194	$ 3,860

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 39,429	$ 949
Depreciation charge for right-of-use assets		
Office	$ 26,845	$ 6,871

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 11,855	$ 3,335
Non-current	$ 4,121	$ 170

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	**2022**
Office	1.55%-2.5%	1.55%-1.8%

c. Material leasing activities and terms

The Group leases buildings for the use of offices with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 10,644	$ 29,371
Expenses relating to low-value asset leases	$ 5	$ 12
Total cash outflow for leases	$ 37,755	$ 36,031

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2023	**2022**
Lease commitments	$ 584,258	$ -

14. INTANGIBLE ASSETS

	Contract Value	Customer List	Customer Relationship	Computer Software	Other	Total
Cost						
Balance at January 1, 2023	$ -	$ -	$ -	$ 7,146	$ 322	$ 7,468
Additions	-	-	-	6,605	986	7,591
Disposals	-	-	-	(6,544)	-	(6,544)
Acquisitions through business combinations (Note 25)	52,000	123,000	616,000	20,798	-	811,798
Effects of foreign currency exchange differences	-	-	-	3	(20)	(17)
Balance at December 31, 2023	$ 52,000	$ 123,000	$ 616,000	$ 28,008	$ 1,288	$ 820,296
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ -	$ -	$ -	$ (6,970)	$ (279)	$ (7,249)
Amortization expenses	-	-	-	(2,586)	(58)	(2,644)
Disposals	-	-	-	6,544	-	6,544
Acquisitions through business combinations (Note 25)	-	-	-	(20,322)	-	(20,322)
Effects of foreign currency exchange differences	-	-	-	(9)	20	11
Balance at December 31, 2023	$ -	$ -	$ -	$ (23,343)	$ (317)	$ (23,660)
Carrying amount at December 31, 2023	$ 52,000	$ 123,000	$ 616,000	$ 4,665	$ 971	$ 796,636
Cost						
Balance at January 1, 2022	$ -	$ -	$ -	$ 6,968	$ 6,119	$ 13,087
Additions	-	-	-	-	262	262
Disposals	-	-	-	-	(6,047)	(6,047)
Effects of foreign currency exchange differences	-	-	-	178	(12)	166
Balance at December 31, 2022	$ -	$ -	$ -	$ 7,146	$ 322	$ 7,468
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ -	$ -	$ (6,285)	$ (1,141)	$ (7,426)
Amortization expenses	-	-	-	(496)	(5,192)	(5,688)
Disposals	-	-	-	-	6,047	6,047
Effects of foreign currency exchange differences	-	-	-	(189)	7	(182)
Balance at December 31, 2022	$ -	$ -	$ -	$ (6,970)	$ (279)	$ (7,249)
Carrying amount at December 31, 2022	$ -	$ -	$ -	$ 176	$ 43	$ 219

The customer list obtained through the acquisition of Taiwan Kuro Times Co., Ltd. by the Group consists of existing subscribers to the acquired company's music streaming platform. Following the acquisition, these subscribers become members of the Group's music streaming platform, and the amortization of the customer list will be completed within 10 years.

In order to expand the sales channels for its music streaming services, the Group acquired Taiwan Kuro Times Co., Ltd., a subsidiary of TFN Media Co., Ltd., and also signed a business development cooperation agreement with Taiwan Mobile Co., Ltd., serving as its long-term telecommunications value-added service supplier. Based on historical experience, the Group has maintained a good collaborative relationship with telecommunications companies. The subscribers for music streaming services provided by telecommunications companies has been relatively stable. Therefore, customer relationships are considered indefinite useful life intangible assets. Regardless of the presence of any impairment indicators, impairment testing is conducted every year.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Contract value	3 years
Customer list	10 years
Computer software	1-6 years
Other	5 years

15. GOODWILL

	For the Year Ended December 31, 2023
Cost	
Balance at January 1	$ -
Additional amounts recognized from business combinations (Note 25)	263,890
Balance at December 31	$ 263,890

The goodwill arising from the acquisition of Taiwan Kuro Times Co., Ltd. by the Group on December 29, 2023, amounts to $263,890 thousand.

16. OTHER PAYABLES

	December 31	
	2023	2022
Payables for investments (Note 25)	$ 153,525	$ -
Payables for salaries and bonuses	103,120	65,497
Payables for labor, health insurances and retirement pension	15,602	10,027
Payables for professional fees	22,803	15,273
Payables for advertising expenses	15,429	23,663
Others	29,651	28,552
	$ 340,130	$ 143,012

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2023
Associate that is not individually material	$ (1,462)
Add: Investments accounted for using the equity method are reclassified as other non-current liabilities	1,462
	$ -

Aggregate information of associates that are not individually material

	For the Year Ended December 31, 2023
The Group's share of:	
Loss for the year	$ (2,988)
Other comprehensive income	43
Total comprehensive loss for the year	$ (2,945)

The Group acquired a 31.26% equity interest in Fistory Co., Ltd. from a related party, KKCulture Co., Ltd., for a consideration of $8,892 thousand in March 2023. As this transaction is under common control, it was accounted for at its carrying amount. The difference between the acquisition cost and the carrying amount, amounting to $7,409 thousand, was recognized as a deduction from retained earnings.

The financial statements of the aforementioned equity-method investee are recognized based on the audited amounts.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The Japanese subsidiary accrues retirement benefits based on a fixed percentage of the local government's prescribed standard wages.

b. Defined benefit plans

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 18,726	$ 11,807
Fair value of plan assets	(9,853)	(9,716)
Deficit (surplus)	8,873	2,091
Recognition of net defined benefit assets	4,366	5,423
Net defined benefit liabilities	$ 13,239	$ 7,514

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Deficit (Surplus)
Balance at January 1, 2023	$ 11,807	$ (9,716)	$ 2,091
Service cost			
Current service cost	384	-	384
Net interest expense (income)	206	(173)	33
Recognized in profit or loss	590	(173)	417
Remeasurement			
Return on plan assets (except for amounts included in net interest)	-	(35)	(35)
Actuarial (gain) and loss			
Changes in financial assumptions	652	-	652
Experience adjustments	5,677	-	5,677
Recognized in other comprehensive income (loss)	6,329	(35)	6,294
Contributions from the employer	-	(77)	(77)
Plan assets claimed	-	148	148
Balance at December 31, 2023	$ 18,726	$ (9,853)	$ 8,873
Balance at January 1, 2022	$ 31,616	$ (8,884)	$ 22,732
Service cost			
Current service cost	1,035	-	1,035
Net interest expense (income)	316	(89)	227
Recognized in profit or loss	1,351	(89)	1,262
Remeasurement			
Return on plan assets (except for amounts included in net interest)	-	(657)	(657)
Actuarial (gain) and loss			
Changes in financial assumptions	(1,432)	-	(1,432)
Experience adjustments	(19,728)	-	(19,728)
Recognized in other comprehensive income (loss)	(21,160)	(657)	(21,817)
Contributions from the employer	-	(86)	(86)
Balance at December 31, 2022	$ 11,807	$ (9,716)	$ 2,091

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	**2022**
Discount rate	1.500%	1.750%
Expected rate of salary increase	4.000%	4.000%

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

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (653)	$ (433)
0.25% decrease	$ 686	$ 454
Expected rate of salary increase		
0.25% increase	$ 659	$ 437
0.25% decrease	$ (630)	$ (420)

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 77	$ 86
Average duration of the defined benefit obligation	24.4 years	22.9 years

19. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares issued (in thousands)	163,996	104,380
Amount of shares issued	$ 1,639,960	$ 1,043,800

In November 2022, the Company was established as part of the KKCompany organization restructure. It was established with 1 share of stock, with a par value of US$0.01, totaling US$1. The Company is a 100% subsidiary owned by KKCompany Inc. In December 2022, the board of directors resolved to increase capital by issuing 3,347,688 new shares, totaling US$33,476,880, to acquire 100% equity in KKBOX International Limited, KKStream Limited, and KKCompany Technologies Pte. Ltd. Additionally, 20,000 new shares were issued, totaling US$200,000, to acquire convertible notes of Ephod Technology Ltd. from KKCompany Inc. After the capital increase, the total number of shares became 3,367,689, with a share capital amount of US$33,677.

The Company issued 450,000 shares and 170,000 shares, for a total amount of US$6,200,000, on February 13, 2023 and June 15, 2023, respectively.

On July 28, 2023, the Company’s Articles were amended through a shareholder meeting resolution. The par value was changed to NT$10, and the share replacement process has been completed. Following this change, the Company’s capital became $1,236,000 thousand, divided into 123,600 thousand shares.

The Company’s board of directors resolved to issue 24,800 thousand shares and 12,500 thousand shares of common shares in July and September 2023, respectively. The subscription prices per share were $10 and $105, and the total amounts were $248,000 thousand and $1,312,500 thousand, respectively.

On September 22, 2023, the Company’s interim shareholders’ meeting resolved to issue employee restricted shares for 3,096 thousand shares, please refer to Note 24.

Except for the rights restricted for employee restricted shares that have not vested, the issued common shares each have one voting right per share and the right to receive dividends.

On September 22, 2023, the Company’s interim shareholders’ meeting resolved to register for the retroactive handling of public issuance procedures to the Taiwan Stock Exchange Corporation. The registration became effective on January 17, 2024.

On November 10, 2023, the Company’s board of directors resolved to issue new shares before listing with a par value of $10. It is anticipated that 28,504 thousand new shares will be issued at a provisional underwriting price of $110 per share, with a par value of $10 per share. The transaction was approved by the Taiwan Stock Exchange Corporation on January 17, 2024, and the actual exercise price, subscription base date and other related matters will be determined by the chairman of the board authorized by the board of directors.

b. Capital surplus

	December 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*	
Additional paid-in capital	$ 1,187,500
May not be used for any purpose	
Employee restricted shares	268,114
	$ 1,455,614

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

c. Retained earnings and dividend policy

Since the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or a share dividend and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure and fund requirements for sustainable development needs, etc. If the directors determine to distribute profits, the directors shall prepare a proposal for the distribution of profits, and such proposal shall be approved by the members by an ordinary resolution at any general meeting. The directors shall prepare such proposal as follows: (a) the Company shall set aside all taxes that are legally required to be paid; and (b) offset its losses in previous years that have not been previously offset (if any); then (c) set aside a legal reserve in accordance with the applicable public company rules, unless the accumulated amount of such legal reserve has reached the total paid-up capital of the Company; and (d) set aside a special capital reserve, if one is required, in accordance with the applicable public company rules or as requested by relevant authorities. Except otherwise stipulated by the applicable laws and the applicable public company rules, the directors may propose a profit distribution plan in connection with the retained earnings available for distribution (i.e., the net profit after the deduction of items (a) to (d) above plus the previously cumulative undistributed retained earnings) for approval at the meetings of the shareholders. The distribution of retained earnings may proceed by way of a cash dividend or by applying such a sum to paying up in full unissued shares for allotment and distribution credited as fully paid-up pro rata to the members. If the directors determine to distribute profits, the total amount of dividends shall not be lower than 10% of the net profit of the then current year after deducting the items (a) to (d) above, and the total amount of cash dividends to be distributed shall be no lower than 10% of the aggregate dividend distributed to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 21(g) compensation of employees and remuneration of directors.

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

The appropriations of earnings for 2022 approved by the interim shareholders' meeting on September 22, 2023, was as follows:

	Appropriation of Earnings
	For the Year Ended December 31, 2022
Legal reserve	$ 3,134

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 7, 2024, were as follows:

	Appropriation of Earnings
	For the Year Ended December 31, 2023
Legal reserve	$ 7,242
Special reserve	$ 85,314

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 2024.

d. Other equity items - unearned employee compensation

The issuance of restricted shares for employee has been resolved by the interim shareholders' meeting on September 22, 2023, please refer to Note 24.

	For the Year Ended December 31, 2023
Balance at January 1	$ -
Issuance of shares	(299,074)
Compensation cost of share-based payment transactions	6,418
Balance at December 31	$ (292,656)

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 133,800	$ 116,303
Net (loss) income of the year	(9,057)	11,212
Other comprehensive income of the year	(341)	6,285
Organization restructure	933	-
Balance at December 31	$ 125,335	$ 133,800

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Subscription revenue	$ 1,942,939	$ 2,115,197
Solution revenue	841,614	629,089
Other revenue	183,489	195,113
	$ 2,968,042	$ 2,939,399

a. Contract information

Please refer to Note 4. “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES”.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (including trades from related parties)	$ 468,824	$ 445,647	$ 432,689
Contract assets	$ -	$ 26,700	$ -
Contract liabilities	$ 96,393	$ 93,751	$ 110,180

The changes in the balance of the contract assets and liabilities primarily result from the timing difference between the Group’s satisfaction of performance obligations and the respective customer’s payments.

c. Disaggregation of revenue

Please refer to Note 34. “SEGMENT INFORMATION”.

21. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 23,837	$ 5,494
Lendings to related parties	290	-
	$ 24,127	$ 5,494

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	$ 2,085	$ 775
Gain on disposal of miscellaneous purchases	107	11,668
Government grants	27	8,772
Other	462	-
	$ 2,681	$ 21,215

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain	$ 3,393	$ 13,663
(Loss) gain on fair value changes of financial assets at FVTPL	(271)	1,455
Gain (loss) on disposal of property, plant and equipment	26	(49)
Others	2,054	(20)
	$ 5,202	$ 15,049

d. Financial costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	$ 369	$ 113

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 12,397	$ 12,258
Right-of-use assets	26,845	6,871
Intangible assets	2,644	5,688
	$ 41,886	$ 24,817
An analysis of depreciation by function		
Operating costs	$ 1,606	$ 3,845
Operating expenses	37,636	15,284
	$ 39,242	$ 19,129
An analysis of amortization by function		
Operating expenses	$ 2,644	$ 5,688

f. Employee benefits expense

	For the Year Ended December 31	
	2023	**2022**
Short-term benefits	$ 755,726	$ 540,106
Post-employment benefits		
Defined contribution plans	26,139	19,370
Defined benefit plans	417	1,262
	26,556	20,632
Share-based payments		
Equity-settled	6,418	-
	$ 788,700	$ 560,738
An analysis of employee benefits expenses by function		
Operating costs	$ 118,691	$ 113,656
Operating expenses	670,009	447,082
	$ 788,700	$ 560,738

g. Employees' compensation and remuneration of directors

On July 28, 2023, the Company's Articles were amended following a resolution by the shareholders' meeting. The revised articles stipulate that, for the current fiscal year, pre-tax profit before deducting employee and director remuneration shall be allocated, with a provision of not less than 1% for employee remuneration and not more than 5% for director remuneration. However, in cases where the Company has accumulated losses, an amount for loss offset shall be reserved in advance.

Employee's compensation and remuneration of directors estimated for the year ended December 31, 2023 are as follows:

	For the Year Ended December 31, 2023
Employee's compensation	1%
Remuneration of directors	-

Amount

	For the Year Ended December 31, 2023
Employee's compensation	$ 986
Remuneration of directors	$ -

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

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

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 25,094	$ 33,893
Income tax on unappropriated earnings	249	-
Adjustments for the prior years	3,738	24
	29,081	33,917
Deferred tax		
In respect of the current year	(16,195)	10,972
Income tax expense recognized in profit or loss	$ 12,886	$ 44,889

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 91,942	$ 234,621
Effect of different tax rates of group entities operating in other jurisdictions	$ (11,869)	$ 51,011
Permanent different	(37)	(457)
Income tax on unappropriated earnings	249	-
Unrecognized deductible temporary differences and loss carryforwards	20,805	(5,689)
Adjustments for prior years	3,738	24
Income tax expense recognized in profit or loss	$ 12,886	$ 44,889

Tax rates applicable to the entities of the Group operating in each relevant jurisdiction are based on the tax laws in those jurisdictions.

b. Income tax (expense) benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 2,767	$ (4,363)

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Acquisitions through Business Combinations	Effects of Foreign Currency Exchange Differences	Balance at December 31
Deferred tax assets						
Defined benefit plans	$ 1,503	$ 49	$ 1,096	$ -	$ -	$ 2,648
Unrealized exchange loss	559	(269)	-	5	-	295
Loss carryforwards	-	24,022	-	1,362	-	25,384
Allowance for doubtful accounts	82	-	-	-	-	82
	$ 2,144	$ 23,802	$ 1,096	$ 1,367	$ -	$ 28,409
Deferred tax liabilities						
Investments accounted for using the equity method	$ 26,243	$ 6,147	$ -	$ -	$ 194	$ 32,584
Intangible assets	-	-	-	158,200	-	158,200
Defined benefit plans	1,084	1,460	(1,671)	-	-	873
	$ 27,327	$ 7,607	$ (1,671)	$ 158,200	$ 194	$ 191,657

For the year ended December 31, 2022

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Effects of Foreign Currency Exchange Differences	Balance at December 31
Deferred tax assets					
Defined benefit plans	$ 4,546	$ 235	$ (3,276)	$ (2)	$ 1,503
Unrealized exchange loss	571	(11)	-	(1)	559
Allowance for doubtful accounts	-	82	-	-	82
	$ 5,117	$ 306	$ (3,276)	$ (3)	$ 2,144
Deferred tax liabilities					
Investments accounted for using the equity method	$ 14,913	$ 11,278	$ -	$ 52	$ 26,243
Defined benefit plans	-	-	1,087	(3)	1,084
	$ 14,913	$ 11,278	$ 1,087	$ 49	$ 27,327

d. Deductible temporary differences and loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2025	$ 142,934	$ 149,384
Expiry in 2026	261,235	273,023
Expiry in 2030	2,941	2,941
Expiry in 2031	20,700	52,367
Expiry in 2032	4,821	7,469
Expiry in 2033	54,166	-
	$ 486,797	$ 485,184
Deductible temporary differences	$ 8,583	$ 5,110

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 142,934	2025
261,235	2026
2,941	2030
52,367	2031
7,948	2032
146,293	2033
$ 613,718	

f. Income tax assessments

The information of income tax assessments for the Group is as follows:

Expansion of Construction Project	Tax-exemption Period
KKBOX Taiwan Co., Ltd.	2021
KKStream Technologies Co., Ltd.	2021
KKStream Limited, Taiwan Branch	2021
Going Cloud Co., Ltd.	2021
KKCompany Technologies Pte., Ltd., Taiwan Branch	2021
Taiwan Kuro Times Co., Ltd.	2021

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 0.66	$ 1.71
Diluted earnings per share	$ 0.66	$ 1.71

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

Net income for the year

	For the Year Ended December 31	
	2023	**2022**
Owners of the Company	$ 95,529	$ 28,035
(Loss) income attributable to former owner of business combination under common control	(7,416)	149,414
Income attributable to subsequent owner of business combination under common control	-	1,071
	$ 88,113	$ 178,520

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	134,248	104,380
Effect of potentially dilutive ordinary shares		
Compensation of employees	9	-
Employee restricted shares	85	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	134,342	104,380

When calculating earnings per share, the impact of the share capital conversion approved by the shareholders' meeting on July 28, 2023 (refer to Note 19) has been retrospectively adjusted.

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Shares Plan for Employees

The Company, in order to retain key talents and align compensation with shareholder interests, resolved at the interim shareholders' meeting on September 22, 2023, to issue 3,096 thousand restricted shares for employees at a subscription price of $0 per share, with the grant date set on September 22, 2023, and the fair value on the grant date is NT$96.6 per share.

The vesting conditions of 2023 restricted shares plan were as follows:

a. Based on the Company's annual revenue growth rate, using the audited consolidated financial statements of the base year (2023). Which is the year the Company formulate the plan, the following indicators determine the achievement levels each year:

   Year 1: 110% annual revenue growth rate of the base year, entitles the employee to 10% of the restricted shares.

   Year 2: 130% annual revenue growth rate of the base year, entitles the employee to 20% of the restricted shares.

   Year 3: 160% annual revenue growth rate of the base year, entitles the employee to 30% of the restricted shares.

   Year 4: 190% annual revenue growth rate of the base year, entitles the employee to 40% of the restricted shares.

b. Individual employee performance indicators: Employee performance evaluations for individual years must be at least "Meet Expectation" or higher, and work outcomes should meet the standards agreed upon between the Company and individual employees. Employees must remain in employment during the performance calculation year when the performance conditions are met.

Treatments if employees do not meet the vesting conditions:

a. If the following situations occur during any of the years in which restricted employee stock options were allocated, and the previously allocated shares have not yet qualified, those shares will be considered as not meeting the qualifying conditions for that year, and the Company is required by law to repurchase and cancel the shares:

   1) Resignation, retirement or leave without pay.
   2) Termination or layoff.
   3) Death.

b. If, before the expiration of the restricted employee stock options allocation period, the overall company performance indicators or individual performance indicators are not fully met for a particular year, the shares allocated for that year, which have not yet qualified, must be repurchased by the company at no cost to the employee and canceled.

Rights restricted for employees before meeting the qualifying conditions for the allocated new shares:

a. Before employees meet the qualifying conditions, except for inheritance, they are not allowed to sell, pledge, transfer, gift, or otherwise dispose of the restricted employee stock options.

b. Rights related to attending shareholder meetings, proposing, speaking, and voting are executed according to the trust agreement after being placed in trust custody.

c. Rights to participate in the original shareholders' subscription (recognition) of shares and dividend distribution are not available until the qualifying conditions are met.

d. The Company will follow the trust agreement or relevant regulations for the release of restricted shares during the period from the date of stoppage of free stock distribution, cash dividend transfer, and the shareholder meeting stoppage transfer, to the rights distribution base date, provided that employees meet the qualifying conditions during this period.

Information on the restricted shares for employees was as follows:

	For the Year Ended December 31, 2023
	Number of Shares (In Thousands)
Granted but not vested at the beginning of period	-
Granted during the period	3,096
Granted but not vested at the end of period	3,096

The Company recognized the compensation cost of share-based payments for the year ended December 31, 2023 was $6,418 thousand.

25. BUSINESS COMBINATIONS

In order to continue the expansion of the Group's business operations, the Company's board of directors resolved to acquire 100% equity of Taiwan Kuro Times Co., Ltd. (Taiwan Kuro) from TFN Media Co., Ltd. on September 6, 2023 for a consideration not exceeding US$30,000 thousand. The share purchase agreement is signed in September 2023, with a transaction date of December 29, 2023. The payment terms are agreed as follows:

Unit: In Thousands of US$

	Amount
September 30, 2023	$ 15,000
Within 60 days from the completion date of settlement after September 30, 2024	5,000
Within 60 days from the completion date of settlement after September 30, 2025	5,000
Within 60 days from the completion date of settlement after September 30, 2026	3,000
Within 60 days from the completion date of settlement after September 30, 2027	2,000
	$ 30,000

As of December 31, 2023, an amount of $460,575 thousand has been paid, while the remaining unpaid purchase amount is recognized as other payables of $153,525 thousand and long-term other payables of $307,050 thousand.

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Taiwan Kuro Times Co., Ltd.	Software information processing and electronic information supply services	December 29, 2023	100	$ 921,150

b. Assets acquired and liabilities assumed at the date of acquisition

	Taiwan Kuro Times Co., Ltd.
Current assets	
Cash and cash equivalents	$ 19,926
Trade and other receivables	10,567
Prepayment	484
Current tax assets	106
Other current assets	1,000
Non-current assets	
Property, plant and equipment	2,245
Contract value	52,000
Customer list	123,000
Customer relationship	616,000
Computer software	476
Deferred tax assets	1,367
Refundable deposits	32
Current liabilities	
Contract liabilities	(1,451)
Trade and other payables	(10,282)
Other current liabilities	(10)
Non-current liabilities	
Deferred tax liabilities	(158,200)
	$ 657,260

c. Goodwill recognized on acquisitions

	Taiwan Kuro Times Co., Ltd.
Consideration transferred	$ 921,150
Less: Fair value of identifiable net assets acquired	(657,260)
Goodwill recognized on acquisitions	$ 263,890

d. Net cash outflow on the acquisition of subsidiaries

	For the Year Ended December 31, 2023
	Taiwan Kuro Times Co., Ltd.
Consideration paid in cash	$ 460,575
Less: Cash and cash equivalent balances acquired	(19,926)
	$ 440,649

26. DISPOSAL OF SUBSIDIARIES

In June 2023, the Company's subsidiary, KKCompany Technologies Pte. Ltd., acquired all the business of its subsidiary KKBOX (Malaysia) Sdn., Bhd. (KKBOX MY) and subsequently sold its 100% equity in KKBOX (Malaysia) Sdn., Bhd. to KKCompany Inc.

Since the transaction was made under common control, it accounted for the carrying amounts, and the loss on disposal was recognized in retained earnings.

a. Consideration received from disposals

	KKBOX MY
Cash and cash equivalents	$ 17,452

b. Analysis of assets and liabilities on the date control was lost

	KKBOX MY
Current assets	
Cash and cash equivalents	$ 13,009
Trade receivables	2,659
Prepayments	1,033
Non-current assets	
Refundable deposits	44
Current liabilities	
Contract liabilities	(59)
Payables	(1,070)
Other current liabilities	(28)
Net assets disposed of	$ 15,588

c. Loss on disposal of subsidiary

	KKBOX MY
Consideration received	$ 17,452
Net assets disposed of	(15,588)
Adjustment for foreign exchange differences	(6,602)
Loss on disposals (recognized in retained earnings)	$ (4,738)

d. Net cash inflow on disposals of subsidiary

	KKBOX MY
Consideration received in cash and cash equivalents	$ 17,452
Less: Cash and cash equivalent balances disposed of	(13,009)
	$ 4,443

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through consideration of future operational plans, profitability, capital expenditure, operating income and debt repayment when assessing various costs and risks. In order to balance the overall capital and financial structure, the Group may pay dividends, issue new shares, etc.

28. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible note	$ -	$ -	$ 7,374	$ 7,374

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible note	$ -	$ -	$ 7,645	$ 7,645

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTPL
Balance at January 1	$ 7,645
Recognized in profit or loss (recognized in other gains and losses)	(271)
Balance at December 31	$ 7,374

For the year ended December 31, 2022

	Financial Assets at FVTPL
Balance at January 1	$ -
Acquired by issuance of common shares	6,178
Recognized in profit or loss (recognized in other gains and losses)	1,455
Net foreign exchange differences	12
Balance at December 31	$ 7,645

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Convertible note	The fair values of convertible notes are determined using the Market Approach, referencing recent increasing activities of the investee and evaluating from a fully diluted perspective.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at amortized cost (Note 1)	$ 2,975,697	$ 1,744,675
Mandatorily at FVTPL	7,374	7,645
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,228,194	936,596

Note 1: The balances include financial assets measured at amortized cost, which comprised cash and cash equivalents, trade receivables (including those from related parties), other receivables (including those from related parties), refundable deposits and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost which comprise notes and trade payables (including those to related parties), other payables (including those to related parties) and long-term other payables.

d. Financial risk management objectives and policies

The Group’s main objective of financial risk management is to manage the market risk related to operating activity including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Group’s financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group’s significant financial activity is reviewed and approved by the board of directors in compliance with related regulations and internal control policy, and authority and responsibility are delegated according to the operating procedures. Internal auditors also regularly or irregularly review the compliance of the policy. The Group did not engage in trading financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency transactions, which exposed the Group to foreign currency risk. The Group follows the movement of foreign exchange rates and adjusts the exposure position to respond to it to minimize the effects of these risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to exchange rate risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar (USD), New Taiwan dollar (NTD), Japanese Yen (JPY) and Hong Kong dollar (HKD).

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign forward currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the functional currencies of each component against their relevant currencies, there would be an equal and opposite impact on pre-tax profit.

	For the Year Ended December 31	
	2023	**2022**
Profit or loss		
USD	$ (8,264)	$ (12,386)
NTD	$ 2,774	$ 4,889
JPY	$ (1,169)	$ (1,946)
HKD	$ (462)	$ (2,398)

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 489,365	$ 455,008
Lease liabilities	$ 15,976	$ 3,505
Cash flow interest rate risk		
Financial assets	$ 1,970,323	$ 813,938

Sensitivity analysis

The following sensitivity analysis is calculated based on the financial assets and financial liabilities with floating interest rates as of the balance sheet date. The fluctuation used in reporting interest rates to the key management personnel of the Group is a ten basis point increase or decrease in the interest rate, which represents the assessment of the reasonable range of potential interest rate fluctuations by the management. If the interest rate increases or decreases by ten basis points (0.1%), with all other variables held constant, the impact on the Group’s pre-tax net profit is as follows:

	For the Year Ended December 31	
	2023	**2022**
Increase in profit or loss	$ 1,970	$ 814

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group’s maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities as stated in the consolidated balance sheets.

To maintain the quality of the trade receivables, the Group has developed a credit risk management procedure to reduce the credit risk from specific customers. The credit evaluation of an individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions.

The Group did transactions with a large number of non-related customers and, thus, no concentration of credit risk was observed.

The credit risk of investments is evaluated and monitored by the Company’s finance department. Since the counterparties are creditworthy banks and financial institutions with good credit ratings, there was no significant credit risk.

3) Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group’s short-, medium- and long-term funding and liquidity management requirements.

The maturity dates of financial liabilities (except for financial liabilities - current, i.e., with maturities of less than one year) are as follows:

December 31, 2023

	Less than 1 Year	**1-2 Years**	**2-3 Years**	**Over 3 Years**
Lease liabilities	$ 11,855	$ 4,121	$ -	$ -

December 31, 2022

	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years
Lease liabilities	$ 3,335	$ 170	$ -	$ -

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Names and categories of related parties

Related Party Name	Related Party Category
KDDI Corporation (KDDI)	Investor that has significant influence over the Company
Chunghwa Telecom Co., Ltd. (CHT)	Investor that has significant influence over the subsidiary
KKCompany Inc.	Substantive related party (Note 1)
KKCulture Co., Ltd. (KKCulture)	Substantive related party (Note 2)
KKFarm Co., Ltd. (KKFarm)	Substantive related party (Note 2)
Walking Internet Entertainment Limited (Walking Entertainment)	Substantive related party (Note 2)
KKTV Co., Ltd. (KKTV)	Substantive related party (Note 2)
KKLIVE Limited (KKLIVE)	Substantive related party (Note 2)
KKBOX (Thailand) Co., Ltd. (KKBOX TH)	Substantive related party (Note 2)
KKFarm International Pte. Ltd. (KKFarm International)	Substantive related party (Note 2)
KKCompany International Limited	Substantive related party (Note 2)
KKFarm International Limited	Substantive related party (Note 2)
BIOS Cultural and Creative Agency Limited	Substantive related party (Note 2)
We Rock Creative Co., Ltd.	Substantive related party (Note 2)
KKVideo Limited	Substantive related party (Note 2)
Just Live Co., Ltd. (Just Live)	Substantive related party (Note 2)
Chynahouse Co., Ltd. (Chynahouse)	Substantive related party (Note 2)
All The Way Up Co., Ltd.	Substantive related party
Firstory Co., Ltd. (Firstory)	Associate (Note 3)

Note 1: The original parent company. After the organization’s restructuring in August 2023, it became a substantive related party of the Group.

Note 2: The original sister company. After the organization’s restructuring in August 2023, it became a substantive related party of the Group.

Note 3: The associates of the original sister company. After the acquisition in March 2023, it became an associate of the Group.

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31 2023	2022
Investors that have significant influence over the Group		
KDDI	$ 1,056,614	$ 1,135,843
CHT	384,221	451,250
	1,440,835	1,587,093
Substantive related parties	42,288	35,651
Associate	7,478	5,051
	$ 1,490,601	$ 1,627,795

Sales transactions with related parties were by contracts.

c. Operating cost

Related Party Category/Name	For the Year Ended December 31 2023	2022
Investors that have significant influence over the Group		
KDDI	$ 17,055	$ 4,014
CHT	43,780	43,306
	60,835	47,320
Substantive related parties	30,899	38,058
Associate	2,253	2,983
	$ 93,987	$ 88,361

d. Operating expenses

Related Party Category/Name	For the Year Ended December 31 2023	2022
Investors that have significant influence over the Group	$ 9,984	$ 17,919
Substantive related parties		
KKCulture	7,757	208,071
Others	580	34,263
	8,337	242,334
Associate	-	101
	$ 18,321	$ 260,354

e. Interest income

Related Party Category	For the Year Ended December 31 2023	2022
Substantive related parties	$ 290	$ -

In February 2023, the Group transferred the other receivables with total amount of $10,000 thousand, and Long Hu Men’s brand and business to a substantive related party.

f. Other income

Related Party Category	For the Year Ended December 31 2023	2022
Substantive related parties	$ -	$ 11,590

g. Disposal of property, plant and equipment

	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category	2023	2022	2023	2022
Substantive related parties	$ 38	$ -	$ 12	$ -

h. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Rental income	Substantive related parties		
	KKLIVE	$ 1,404	$ 775
	Associate	29	-
		$ 1,433	$ 775

i. Contract Assets

Related Party Category/Name	December 31 2023	2022
Investors that have significant influence over the Group		
KDDI	$ -	$ 26,700

For the year ended December 31, 2022, no impairment losses were recognized for contract assets from related parties.

j. Contract liabilities

Related Party Category	December 31 2023	2022
Investors that have significant influence over the Group	$ 1,363	$ 9,351
Substantive related parties	70	-
	$ 1,433	$ 9,351

k. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade receivables from related parties	Investors that have significant influence over the Group		
	KDDI	$ 197,111	$ 213,060
	CHT	65,940	73,592
		263,051	286,652
	Substantive related parties	10,704	31,315
	Associate	6,010	452
		$ 279,765	$ 318,419
Other receivables from related parties	Investors that have significant influence over the Group	$ 52	$ -
	Substantive related parties		
	KKCulture	40	1,242
	Others	120	1,495
		160	2,737
	Associate		
	Firstory	1,558	4,701
		$ 1,770	$ 7,438

The outstanding receivables from related parties are unsecured and no impairment losses were recognized on receivables from related parties.

l. Payables to related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade payables to related parties	Investors that have significant influence over the Group		
	CHT	$ 2,350	$ 2,235
	Substantive related parties		
	KKFarm	4,487	5,435
	Associate	671	-
		$ 7,508	$ 7,670
Other payables to related parties	Investors that have significant influence over the Group		
	KDDI	$ 1,594	$ -
	Substantive related parties		
	KKTV	2,022	2,655
	KKLIVE	-	773
		2,022	3,428
	Associate	-	88
		$ 3,616	$ 3,516

The outstanding payables to related parties are unsecured.

m. Refundable deposits

Related Party Category/Name	December 31 2023	December 31 2022
Investors that have significant influence over the Group	$ 2,175	$ 2,175
Substantive related parties		
KKCulture	-	6,964
	$ 2,175	$ 9,139

n. Acquisitions of financial assets

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Underlying Assets	Amounts
Substantive related party			
KKCompany Inc.	Financial assets at fair value through profit or loss	Convertible note	$ 6,178

In November 2022, the Company acquired the convertible note by issuing 620 thousands new shares.

o. Other transactions with related parties

1) On January 1, 2023, The Group acquired $4,705 thousand of intangible assets - computer software, $7,905 thousand of prepayments and $28 thousand of contract liabilities from a substantive related party, KKCulture Co., Ltd. The Group also acquired leases for operational office, which contain $6,081 thousand of refundable deposits and $2,864 thousand of refundable deposits which the group paid before.

2) The Group acquired 31.26% equity of Firstory Co., Ltd. at a consideration of $8,892 thousand from its substantive related party, KKCulture Co., Ltd. Since the transaction was made under common control, it accounted for the carrying amounts, and the loss $7,409 thousand was recognized as a deduction from retained earnings.

p. Remuneration of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 41,054	$ 12,632
Post-employment benefits	836	329
Share-based payments	3,308	-
	$ 45,198	$ 12,961

The remuneration of directors and key executives is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for performance guarantees:

	December 31	
	2023	**2022**
Other financial assets (recognize as other current assets)	$ 1,000	$ -

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group has entered into a contract with Mega International Commercial Bank Co., Ltd., and the bank provides a sufficient performance guarantee in accordance with the terms of the contract. As of December 31, 2023, the unused balance of music stored value (cards) guaranteed by the bank on behalf of the Group amounted to $875 thousand.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 1,808	30.705 (USD:TWD)	$ 54,737
USD	4,553	7.815 (USD:HKD)	139,816
JPY	105,036	0.007 (JPY:USD)	22,814
TWD	45,249	0.033 (TWD:USD)	45,249
Foreign currency liabilities			
Monetary items			
TWD	100,868	0.033 (TWD:USD)	100,868

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 2,092	30.705 (USD:TWD)	$ 64,269
USD	3,909	7.798 (USD:HKD)	120,027
USD	1,956	132.1 (USD:JPY)	60,061
HKD	12,970	0.128 (HKD:USD)	51,076
Foreign currency liabilities			
Monetary items			
TWD	97,655	0.033 (TWD:USD)	97,655

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain were $3,393 thousand and $13,663 thousand, respectively. It is impractical to disclose net foreign exchange gain (loss) for each significant foreign currency due to the variety of the foreign currency transactions.

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

34. SEGMENT INFORMATION

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

Music streaming segment: Providing music streaming services
Multimedia segment: Providing audio and video streaming technology support services
Cloud intelligence segment: Providing cloud services

a. Segment revenues and results

	Segment Revenues For the Year Ended December 31		Segment Income or Loss For the Year Ended December 31	
	2023	2022	2023	2022
Music streaming segment	$ 2,182,050	$ 2,305,235	$ 62,094	$ 124,185
Multimedia segment	714,089	615,667	41,396	73,931
Cloud intelligence segment	71,903	18,497	(40,201)	(5,140)
	$ 2,968,042	$ 2,939,399	63,289	192,976
Interest income			24,127	5,494
Other income			2,681	21,215
Other gains and losses			5,202	15,049
Financial costs			(369)	(113)
Share of loss of associate accounted for using the equity method			(2,988)	-
Income before income tax			$ 91,942	$ 234,621

b. Regional information

The Group's revenue from external customers is classified according to the location of customers and non-current assets are classified according to the locations of assets, as follows:

	Revenue from External Customers		Non-current Assets December 31	
	2023	2022	2023	2022
Taiwan	$ 1,321,246	$ 1,319,685	$ 74,141	$ 238,563
Japan	1,299,522	1,273,396	24,632	14,534
Hong Kong	315,748	332,742	902	14,767
Other	31,526	13,576	61,516	154
	$ 2,968,042	$ 2,939,399	$ 161,191	$ 268,018

Non-current assets do not include financial assets at fair value through profit or loss, intangible assets, goodwill, deferred income tax assets, and net defined benefit assets.

c. Information on major customers

The Group's revenue from a single customer amounting to 10% or more of the Group's total revenues is as follows:

	For the Year Ended December 31	
	2023	2022
Customer A	$ 1,056,614	$ 1,135,843
Customer B	384,221	451,250
	$ 1,440,835	$ 1,587,093

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	KKBOX Taiwan Co., Ltd.	All The Way Up Co., Ltd.	Other receivables from related parties	Yes	$ 10,000	$ -	$ -	1.825	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 41,778	$ 83,556	Note 2

Note 1: The total financing limits for KKBOX Taiwan Co., Ltd. were 40% of the net equity in its latest financial statements. The aggregate financing limits for each company that has business transactions with KKBOX Taiwan Co., Ltd. were 20% of the net equity of its latest financial statements. The individual financing limits for KKBOX Taiwan Co., Ltd. were not exceeding their latest business transaction amount, which is measured at the higher of the amounts of sales and purchases and is limited to the net equity of KKBOX Taiwan Co., Ltd.'s latest financial statements. The aggregate and individual financing limits for the companies were 20% and 10%, respectively, of the net equity of each company, as stated in KKBOX Taiwan Co., Ltd.'s latest financial statements, while the companies had the reason for short-term financing.

Note 2: In February 2023, KKBOX Taiwan Co., Ltd. transferred the financing amount and Long Hu Men's brand and business to sister company under common control. Therefore, for the purpose of preparing consolidated financial statements, it is treated as if it never existed at the very beginning.

TABLE 2

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name/Issuer of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
KKCompany Technologies Inc.	Convertible Note of Ephod Technology Ltd.	-	Financial assets at fair value through profit or loss	-	$ 7,374	-	$ 7,374	

TABLE 3

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Seller/Buyer	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
KKStream Limited	KDDI Corporation	a	Solution revenue	$ (662,077)	(95)	By agreements	$ -	-	$ 147,483	72	
	KKCompany Media & Technology Limited	b	Other operating cost	230,500	58	By agreements	-	-	-	-	(Note 2)
	KKCompany Technologies Pte. Ltd.	b	Other operating cost	151,616	38	By agreements	-	-	(24,936)	(54)	(Note 2)
KKCompany Japan LLC	KDDI Corporation	a	Subscription revenue and other revenue	(394,537)	(56)	By agreements	-	-	49,628	67	
KKBOX Taiwan Co., Ltd.	Chunghwa Telecom Co., Ltd.	a	Subscription revenue and other revenue	(384,221)	(32)	By agreements	-	-	65,940	48	
	KKCompany Media & Technology Limited	b	Other operating cost	165,090	17	By agreements	-	-	-	-	(Note 2)
	KKCompany Technologies Pte. Ltd.	b	Other operating cost	132,734	14	By agreements	-	-	(15,975)	(5)	(Note 2)
KKCompany Media & Technology Limited	KKStream Limited	b	Solution revenue and other revenue	(230,500)	(40)	By agreements	-	-	-	-	(Note 2)
	KKBOX Taiwan Co., Ltd.	b	Solution revenue and other revenue	(165,090)	(29)	By agreements	-	-	-	-	(Note 2)
KKCompany Technologies Pte. Ltd.	KKStream Limited	b	Solution revenue and other revenue	(151,616)	(28)	By agreements	-	-	24,936	29	(Note 2)
	KKBOX Taiwan Co., Ltd.	b	Solution revenue and other revenue	(132,734)	(24)	By agreements	-	-	15,975	18	(Note 2)
	Going Cloud Pte. Ltd.	b	Network cost	134,493	70	By agreements	-	-	-	-	(Note 2)
Going Cloud Pte. Ltd.	KKCompany Technologies Pte. Ltd.	b	Solution revenue	(134,493)	(90)	By agreements	-	-	-	-	(Note 2)

Note 1: a. Investor that has significant influence over the Group.
b. Sister company.

Note 2: Eliminated during the preparation of the consolidated financial statements.

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
KKStream Limited	KDDI Corporation	Investor that has significant influence over the Group	$ 147,483	4.59	$ -	-	$ 147,303	$ -
KKCompany Media & Technology Limited	KKCompany Technologies Pte. Ltd.	Parent company	105,468 (Note a)	(Note b)	-	-	-	-

Note: a. Eliminated during the preparation of the consolidated financial statements.

b. The other receivable is due from KKCompany Media & Technology Limited transferred its own business and KKCompany Media & Technology Limited, Taiwan branch to KKCompany Technologies Pte. Ltd. Thus, turnover rate of the transactions could not be calculated.

TABLE 5

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
1	KKCompany Japan LLC	KKStream Limited	c	Solution revenue	$ 79,291	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	2.67
2	KKCompany Media & Technology Limited	KKStream Limited	c	Solution revenue and other revenue	230,500	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	7.77
		KKBOX Taiwan Co., Ltd.	c	Solution revenue and other revenue	165,090	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	5.56
		KKCompany Japan LLC	c	Solution revenue	62,070	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	2.09
		KKCompany Technologies Pte. Ltd.	c	Revenue from disposal of branch office (Note 4)	45,234	Group restructure under common control, the transaction price was determined based on the book value.	1.52
			c	Revenue from business transfer (Note 4)	63,305	Business transfer under common control, the transaction price was determined based on the book value.	2.13
			c	Other receivables (Note 4)	105,468	Group restructure and business transfer under common control, the transactions price were determined based on the book value.	2.33
3	KKCompany Technologies Pte. Ltd.	KKBOX Taiwan Co., Ltd.	c	Solution revenue	132,734	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	4.47
		KKStream Limited	c	Solution revenue and other revenue	151,616	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	5.11
		KKCompany Japan LLC	c	Solution revenue	41,573	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	1.40
4	Going Cloud Pte. Ltd.	KKCompany Technologies Pte. Ltd.	c	Solution revenue	134,493	The transaction price was determined based on the market price, and the transaction terms are similar to those transactions with non-related parties	4.53
5	KKStream Limited	KKCompany Technologies Pte. Ltd.	c	Revenue from business transfer (Note 5)	54,164	Business transfer under common control, the transaction price was determined based on the book value.	1.82
			c	Other receivables (Note 5)	51,537	Business transfer under common control, the transaction price was determined based on the book value.	1.14

Note 1: This table includes transactions for amounts exceeding 1% of the consolidated total operating revenue or consolidated total assets.

Note 2: Eliminated during the preparation of the consolidated financial statements.

(Continued)

Note 3: There are three types of relationships between the parent company and its subsidiaries.

a. Represents the transactions from the parent company to the subsidiary.
b. Represents the transactions from the subsidiary company to the parent.
c. Represents the transactions between subsidiaries.

Note 4: KKCompany Media & Technology Limited transferred its own business and KKCompany Media & Technology Limited, Taiwan branch to KKCompany Technologies Pte. Ltd.

Note 5: KKStream Limited transferred its business to KKCompany Technologies Pte. Ltd.

(Concluded)

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
KKCompany Technologies Inc.	KKStream Limited	Hong Kong	Providing technical and related services for online video applications	US$ 300 thousand	US$ 300 thousand	300,000	100.00	$ 600,004	$ 95,524	$ 95,524	Note 3
	KKCompany Technologies Pte. Ltd.	Singapore	Software information processing, electronic information supply services, online audio and video streaming technology support services	US$ 17,478 thousand	US$ 17,478 thousand	17,478,234	100.00	595,826	63,041	63,041	Note 3
	Going Cloud Pte. Ltd.	Singapore	Software information processing and electronic information supply services	US$ 4,200 thousand	US$ 1	4,200,000	100.00	80,026	(33,233)	(33,233)	Note 3
	KKBOX International Limited	Hong Kong	Investment	HK$ 256,142 thousand	HK$ 256,142 thousand	449,258,537	100.00	(3,643)	(2,647)	(2,647)	Note 3
	Taiwan Kuro Times Co., Ltd.	Taiwan	Software information processing and electronic information supply services	US$ 30,000 thousand	-	2,862,061	100.00	921,150	(5,116)	-	Note 4
KKCompany Technologies Pte. Ltd.	KKBOX (Malaysia) Sdn. Bhd.	Malaysia	Software information processing and electronic information supply services	-	MYR 8,425 thousand	-	-	-	2,694	2,694	Note 5
	KKCompany Japan LLC	Japan	Software information processing and electronic information supply services	JPY 2,294,770 thousand	JPY 2,294,770 thousand	-	100.00	93,234	(16,943)	(16,943)	Note 3
	KKCompany Media & Technology Limited	Hong Kong	Providing technical and related services for online video applications	HK$ 7,750 thousand	HK$ 7,750 thousand	7,750,000	100.00	114,976	70,455	70,455	Note 3
	KKBOX Taiwan Co., Ltd.	Taiwan	Software information processing and electronic information supply services	103,560	103,560	10,356,000	70.00	292,449	(30,189)	(21,132)	Note 3
KKBOX Taiwan Co., Ltd.	KKBOX Hong Kong Limited	Hong Kong	Software information processing and electronic information supply services	HK$ 4,700 thousand	HK$ 4,700 thousand	4,700,000	100.00	184,497	37,937	37,937	Note 3
Going Cloud Pte. Ltd.	Going Cloud Co., Ltd.	Taiwan	Software information processing and electronic information supply services	65,245	-	9,367,500	100.00	22,295	(42,917)	(42,917)	Note 3
	Firstory Co., Ltd.	Taiwan	Software information processing and electronic information supply services	8,892	-	5,489	31.26	(1,462)	(10,731)	(2,988)	Note 6
	Going Cloud Japan LLC	Japan	Software information processing and electronic information supply services	-	-	-	-	-	-	-	Note 7
KKStream Limited	KKStream Technologies Co., Ltd.	Taiwan	Software information processing and electronic information supply services	30,000	30,000	3,000,000	100.00	30,113	(791)	(791)	Note 3

Note 1: Eliminated during the preparation of the consolidated financial statements.

Note 2: As mentioned in Note 1, the table is prepared on the basis that subsidiary companies have been deemed merged or excluded from the very beginning.

Note 3: Subsidiary.

Note 4: December 29, 2023, the Company acquired 100% equity of Taiwan Kuro Times Co., Ltd.

Note 5: In June 2023, KKCompany Technologies Pte. Ltd. acquired all the business operations in KKBOX (Malaysia) Sdn. Bhd. and subsequently sold its 100% equity of KKBOX (Malaysia) Sdn. Bhd. to KKCompany Inc.

Note 6: The Group’s associate, since the investment accounted for has become a credit balance through the equity method, it has been recorded as other non-current liabilities.

Note 7: Registration of establishment was completed in December 2023; however, no capital injection has been made as of December 31, 2023.

TABLE 7

KKCOMPANY TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
KDDI Overseas Holdings B.V.	73,962,906	45.10
GIC Private Limited	27,554,404	16.80
H.T.C. (B.V.I.) Corp.	12,287,635	7.49
Li, Peng-Hsuan	12,008,414	7.32

Note: The information of major shareholders presented in this table is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.