

MATERIAL AUDIT ADJUSTMENTS - IN RESPECT OF THE FINANCIAL RESULTS OF ADDVALUE TECHNOLOGIES LTD (THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP") FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 ("FY2022") AS ANNOUNCED BY THE COMPANY ON 30 MAY 2022 (THE "30 MAY 2022 ANNOUNCEMENT") (THE "AUDIT ADJUSTMENTS")

The Board of Directors of the Company (the "**Board**") would like to inform that, following the audit carried out by Mazars LLP, (the "**Independent Auditors**") subsequent to the 30 May 2022 Announcement made in respect of the unaudited financial results of the Group for FY2022 (the "**Announced Results**"), Management have made the following Material Audit Adjustments which had been agreed to and accepted by the Independent Auditors and the Board of Directors.

The affected sections of the financial performance and financial position of the Group for FY2022, based on the Announced Results and subsequent to the Material Audit Adjustments, are tabulated as follows:

In respect of the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group for FY2022

	Audited Results	Unaudited Announced Results	Change		Note
	US\$'000	US\$'000	US\$'000	%	
Other operating income	627	363	264	72.7	1
Other operating expenses	(8,275)	(2,082)	(6,193)	(297.5)	2
Loss for the year	(7,963)	(2,247)	(5,716)	(254.4)	1, 2
Loss per share (US cents)	(0.34)	(0.10)	(0.24)	(240.0)	1, 2

In respect of the Consolidated Statement of Financial Position of the Group for FY2022

	Audited Results	Unaudited Announced Results	Change		Note
	US\$'000	US\$'000	US\$'000	%	
Intangible assets	8,625	8,746	(121)	(1.4)	2
Trade receivables	1,448	7,435	(5,987)	(80.5)	2
Other receivables, deposits and prepayments	594	267	327	122.5	3
Trade payables	641	796	(155)	(19.5)	3

	Audited Results	Unaudited Announced Results	Change		Note
Other payables and accruals	3,159	3,448	(289)	(8.4)	3
Capital reserve	(1,827)	(2,354)	(527)	(22.4)	1
Net assets/Total equity	2,430	8,093	(5,663)	(70.0)	1, 2
Net Asset value per share (US cents)	0.10	0.32	(0.22)	(68.8)	1, 2

Notes:

1. Attributed to a gain recognised from extinguishment of a convertible loan note ("**CLN**") amounted to US\$260,000 recognised in other operating income as well as a reversal of US\$527,000 from capital reserve account to retained earnings due to an adjustment to equity portion of the convertible loan note as a result of the extinguishment of the CLN.
2. Attributed to i) a further US\$120,000 impairment made to approximately 1.4% of the intangible assets of the Group based on the final value in use due to further adjustments to the projected cashflows of the Group, and ii) provision for impairment of US\$6 million due from a trade receivable. The trade receivable, recognised in FY2020, relates to a one-off licensing fee for the licensing of certain in-house developed intellectual properties to a third-party customer. As the receivable is overdue for more than 2 years and that there is still uncertainty whether the customer is able to fulfil its obligations to the Group due to the heightened volatility and uncertainty in the economic environment that the customer operates in, thereby resulting in a significant increase in the credit risk relating to the receivable since initial recognition, and with reference to SFRS(I)9 - Management has recognised a full impairment of this trade receivable.

Consequent to the above adjustments in 1 and 2 above, the Group recorded a net loss for the year of about US\$8.0 million with loss per share of 0.34 US cents. The Net assets/Total equity has reduced from earlier reported of US\$8.09 million to US\$2.43 million with net asset value per share dropped from earlier reported 0.35 US cents to 0.10 US cents.

3. Attributed to further audit adjustments relating to reclassification of certain trade payables to prepayments and other receivables and other payables as well as inter-company consolidation adjustments amongst certain subsidiaries of the Group.

Save as disclosed, there are no material Audit Adjustments which materially affect the Announced Results.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Executive Chairman
15 July 2022