

Information Technology Total Services Co., Ltd.
and Subsidiaries

Consolidated Financial Statement and
Independent Auditors' Review Report
For The Six Months Ended June 30, 2024,
and 2023

(Stock Code : 6697)

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders of Information Technology Total Services Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Information Technology Total Services Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of June 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 31, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the three months ended

June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on reviews resulting in this independent auditor's review report are Ping-Chun Chih and Tsung-Hsi Lai

Notice to Readers

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

The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

JUNE 30, 2024 AND DECEMBER 31 2023 AND JUNE 30 2023

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

| Assets | Note | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | | |
|---------------------------|---|---------------|-------------------|-------------------|---------------------|---------------|-------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalent | 6(1) | \$ 284,753 | 30 | \$ 306,754 | 30 | \$ 186,777 | 21 |
| 1136 | Financial assets measured at amortized cost – current | 6(3)and 8 | 999 | - | 1,126 | - | 1,125 | - |
| 1140 | Contract assets – current | 6(16) | 90,221 | 9 | 89,442 | 9 | 46,735 | 5 |
| 1150 | Notes receivable, net | 6(4) | 3,041 | - | 6,362 | 1 | 3,622 | - |
| 1170 | Accounts receivable, net | 6(4) | 224,890 | 24 | 271,596 | 27 | 288,991 | 33 |
| 1180 | Accounts receivable - related parties, net | 7 | 74,087 | 8 | 74,760 | 7 | 64,982 | 7 |
| 1200 | Other receivables | | 23,424 | 2 | 5,332 | 1 | 10,002 | 1 |
| 1210 | Other receivables – related parties | 7 | 30 | - | - | - | 13 | - |
| 130X | Inventories | 6(5) | 14,414 | 2 | 2,661 | - | 8,422 | 1 |
| 1410 | Prepayments | | 25,042 | 3 | 16,701 | 2 | 39,668 | 5 |
| 1470 | Other current assets | | 842 | - | 79 | - | 958 | - |
| 11XX | Total current assets | | <u>741,743</u> | <u>78</u> | <u>774,813</u> | <u>77</u> | <u>651,295</u> | <u>73</u> |
| Non-current assets | | | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive profit or loss - non-current | 6(2) | 34,370 | 4 | 32,524 | 3 | 32,984 | 4 |
| 1535 | Financial assets measured at amortized cost – non-current | 6(3)and 8 | 178 | - | 246 | - | - | - |
| 1550 | Investment using equity method | 6(6) | 47,284 | 5 | 45,137 | 4 | 49,908 | 6 |
| 1600 | Property, plant, and equipment | 6(7) | 29,749 | 3 | 31,910 | 3 | 31,739 | 4 |
| 1755 | Right-of-use assets | 6(8)and8 | 6,978 | 1 | 9,243 | 1 | 12,499 | 1 |
| 1780 | Intangible assets | | 8,702 | 1 | 888 | - | 1,603 | - |
| 1840 | Deferred income tax assets | 6(23) | 1,230 | - | 1,334 | - | 1,530 | - |
| 1920 | Refundable deposits | | 8,563 | 1 | 8,890 | 1 | 6,818 | 1 |
| 1930 | Long-term notes and accounts receivable | 6(9) | 69,604 | 7 | 98,363 | 10 | 97,386 | 11 |
| 1990 | Other non-current assets – others | | 2,508 | - | 8,197 | 1 | 1,384 | - |
| 15XX | Total non-current assets | | <u>209,166</u> | <u>22</u> | <u>236,732</u> | <u>23</u> | <u>235,851</u> | <u>27</u> |
| 1XXX | Total non-current assets | | <u>\$ 950,909</u> | <u>100</u> | <u>\$ 1,011,545</u> | <u>100</u> | <u>\$ 887,146</u> | <u>100</u> |

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INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
JUNE 30, 2024 AND DECEMBER 31 2023 AND JUNE 30 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

| Liability and equity | Note | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | | |
|--|--|---------------|-------------------|-------------------|---------------------|---------------|-------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current liabilities | | | | | | | | |
| 2130 | Contract liabilities – current | 6(17) | \$ 38,309 | 4 | \$ 24,223 | 2 | \$ 41,628 | 5 |
| 2150 | Notes payable | | 756 | - | 720 | - | 621 | - |
| 2170 | Accounts payable | | 261,109 | 28 | 287,656 | 28 | 197,023 | 22 |
| 2180 | Accounts payable – related parties | 7 | 3,518 | - | 8,637 | 1 | 4,482 | - |
| 2200 | Other payables | 6(11) | 50,496 | 5 | 75,853 | 8 | 51,799 | 6 |
| 2220 | Other payables – related parties | 7 | 1,471 | - | 2,381 | - | 1,954 | - |
| 2230 | Income tax liabilities in the current period | 6(23) | 9,765 | 1 | 7,022 | 1 | 8,531 | 1 |
| 2280 | Lease liabilities – current | | 4,180 | 1 | 4,612 | - | 5,569 | 1 |
| 2399 | Other current liabilities – others | | 6,090 | 1 | 4,850 | 1 | 10,639 | 1 |
| 21XX | Total current liabilities | | <u>375,694</u> | <u>40</u> | <u>415,954</u> | <u>41</u> | <u>322,246</u> | <u>36</u> |
| Total current liabilities | | | | | | | | |
| 2570 | Deferred income tax liabilities | 6(23) | 8,645 | 1 | 6,884 | 1 | 6,695 | 1 |
| 2580 | Lease liabilities – non-current | | 3,011 | - | 4,877 | - | 7,191 | 1 |
| 2645 | Deposit received | | 397 | - | 397 | - | 873 | - |
| 25XX | Total non-current liabilities | | <u>12,053</u> | <u>1</u> | <u>12,158</u> | <u>1</u> | <u>14,759</u> | <u>2</u> |
| 2XXX | Total liabilities | | <u>387,747</u> | <u>41</u> | <u>428,112</u> | <u>42</u> | <u>337,005</u> | <u>38</u> |
| Equity | | | | | | | | |
| Equity attributable to owners of the parent company | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Common stock | 6(13) | 273,234 | 29 | 273,234 | 27 | 273,234 | 31 |
| Capital surplus | | | | | | | | |
| 3200 | Capital surplus | 6(14) | 158,042 | 17 | 158,042 | 16 | 158,042 | 18 |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserve | 6(15) | 61,365 | 6 | 53,949 | 5 | 53,949 | 6 |
| 3320 | Special reserve | | 1,628 | - | 1,042 | - | 1,042 | - |
| 3350 | Undistributed earnings | | 67,574 | 7 | 98,794 | 10 | 65,116 | 7 |
| Other equity | | | | | | | | |
| 3400 | Other equity | 6(16) | 1,319 | - | (1,628) | - | (1,242) | - |
| 31XX | Total equity attributable to owners of the parent company | | <u>563,162</u> | <u>59</u> | <u>583,433</u> | <u>58</u> | <u>550,141</u> | <u>62</u> |
| 3XXX | Total equity | | <u>563,162</u> | <u>59</u> | <u>583,433</u> | <u>58</u> | <u>550,141</u> | <u>62</u> |
| Material contingent liabilities and unrecognized contractual commitments | | | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 950,909</u> | <u>100</u> | <u>\$ 1,011,545</u> | <u>100</u> | <u>\$ 887,146</u> | <u>100</u> |

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

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

| Item | Note | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|--|------------------------------|------------------------------------|--------------|------------------|-------------|----------------------------------|-------------|------------------|-------------|
| | | 2024 | | 2023 | | 2024 | | 2023 | |
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 Operating Revenue | 6(22) | \$ 250,567 | 100 | \$ 281,874 | 100 | \$ 614,896 | 100 | \$ 682,539 | 100 |
| 5000 Operating costs | 6(5)(12) (22)(23) and7 | (209,048) | (84) | (239,460) | (85) | (527,702) | (86) | (589,550) | (86) |
| 5950Gross profit, net | 6 | <u>41,519</u> | <u>16</u> | <u>42,414</u> | <u>15</u> | <u>87,194</u> | <u>14</u> | <u>92,989</u> | <u>14</u> |
| Operating expenses | | | | | | | | | |
| 6100 Selling expenses | | (3,345) | (1) | (3,942) | (1) | (6,637) | (1) | (8,214) | (1) |
| 6200 Administrative expenses | | (19,945) | (8) | (17,851) | (6) | (39,387) | (6) | (38,918) | (6) |
| 6300 R&D expense | | (2,295) | (1) | (2,083) | (1) | (4,516) | (1) | (3,849) | (1) |
| 6000 Total operating expenses | | <u>(25,585)</u> | <u>(10)</u> | <u>(23,876)</u> | <u>(8)</u> | <u>(50,540)</u> | <u>(8)</u> | <u>(50,981)</u> | <u>(8)</u> |
| 6900 Operating profits | | <u>15,934</u> | <u>6</u> | <u>18,538</u> | <u>7</u> | <u>36,654</u> | <u>6</u> | <u>42,008</u> | <u>6</u> |
| Non-operating income and expense | | | | | | | | | |
| 7100 Interest revenue | 6(18) | 1,152 | - | 592 | - | 1,915 | - | 754 | - |
| 7010 Other revenue | 6(19) | 3,762 | 2 | 2,737 | 1 | 4,041 | 1 | 2,816 | - |
| 7020 Other gains and losses | 6(20) | 639 | - | 30 | - | 801 | - | 86 | - |
| 7050 Financial costs | 6(9) (21) | (294) | - | (51) | - | (331) | - | (152) | - |
| 7060 Share of profit or loss on associates and joint ventures accounted for using the equity method | 6(7) | <u>1,643</u> | <u>1</u> | <u>2,497</u> | <u>-</u> | <u>2,146</u> | <u>1</u> | <u>3,618</u> | <u>1</u> |
| 7000 Total non-operating income and expenses | | <u>6,902</u> | <u>3</u> | <u>5,805</u> | <u>2</u> | <u>8,572</u> | <u>1</u> | <u>7,122</u> | <u>1</u> |
| 7900 Profit before tax | | <u>22,836</u> | <u>9</u> | <u>24,343</u> | <u>9</u> | <u>45,226</u> | <u>7</u> | <u>49,130</u> | <u>7</u> |
| 7950 Income tax expense | 6(23) | (3,984) | (1) | (4,299) | (2) | (8,333) | (1) | (8,650) | (1) |
| 8200 Current net income | | <u>\$ 18,852</u> | <u>8</u> | <u>\$ 20,044</u> | <u>7</u> | <u>\$ 36,893</u> | <u>6</u> | <u>\$ 40,480</u> | <u>6</u> |
| Other net consolidated incomes | | | | | | | | | |
| Items possibly reclassified to profits and losses later | | | | | | | | | |
| 8361 Difference in exchange from the conversion of financial statements of overseas operating entities | 6(16) | \$ 1,035 | - | (\$ 79) | - | \$ 3,684 | - | (\$ 250) | - |
| 8399 Income tax related to items likely to be reclassified | 6(23) | (207) | - | 16 | - | (737) | - | 50 | - |
| 8300 Other net consolidated incomes | | <u>\$ 828</u> | <u>-</u> | <u>(\$ 63)</u> | <u>-</u> | <u>\$ 2,947</u> | <u>-</u> | <u>(\$ 200)</u> | <u>-</u> |
| 8500 Current total comprehensive income | | <u>\$ 19,680</u> | <u>8</u> | <u>\$ 19,981</u> | <u>7</u> | <u>\$ 39,840</u> | <u>6</u> | <u>\$ 40,280</u> | <u>6</u> |
| Net profit attributable to: | | | | | | | | | |
| 8610 Parent company shareholders | | <u>\$ 18,852</u> | <u>8</u> | <u>\$ 20,044</u> | <u>7</u> | <u>\$ 36,893</u> | <u>6</u> | <u>\$ 40,480</u> | <u>6</u> |
| Total comprehensive income attributable to: | | | | | | | | | |
| 8710 the owner of parent company | | <u>\$ 19,680</u> | <u>8</u> | <u>\$ 19,981</u> | <u>7</u> | <u>\$ 39,840</u> | <u>6</u> | <u>\$ 40,280</u> | <u>6</u> |
| Earnings per share | 6(24) | | | | | | | | |
| 9750 Basic earnings per share | | <u>\$ 0.69</u> | | <u>\$ 0.73</u> | | <u>\$ 1.35</u> | | <u>\$ 1.48</u> | |
| 9850 Diluted earnings per share | | <u>\$ 0.69</u> | | <u>\$ 0.73</u> | | <u>\$ 1.35</u> | | <u>\$ 1.48</u> | |

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

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTHS ENDED June 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | Equity attributable to owners of the parent company | | | | | | | |
|---|---|---------------|---|---------------|--------------------|---------------------------|---|------------|
| | Notes | Common stocks | Capital surplus- additional paid-in capital | Legal reserve | Special reserve | Undistributed Earnings | Exchange differences on translation of financial statements of foreign operations | Total |
| <u>Six Months Ended June 30, 2023</u> | | | | | | | | |
| Balance on January 1, 2023 | | \$ 273,234 | \$ 158,042 | \$ 48,340 | \$ 5,484 | \$ 69,520 | (\$ 1,042) | \$ 553,578 |
| Net income (loss) for the period | | - | - | - | - | 40,480 | - | 40,480 |
| Other comprehensive income (loss) | 6(16) | - | - | - | - | - | (200) | (200) |
| Total comprehensive income (loss) for the periods | 6(15) | - | - | - | - | 40,480 | (200) | 40,280 |
| Appropriation of net income for 2022 | | | | | | | | |
| Legal reserve appropriation | | - | - | 5,609 | - | (5,609) | - | - |
| Special reserve appropriation | | - | - | - | (4,442) | 4,442 | - | - |
| Cash dividends | | - | - | - | - | (43,717) | - | (43,717) |
| Balance at June 30, 2023 | | \$ 273,234 | \$ 158,042 | \$ 53,949 | \$ 1,042 | \$ 65,116 | (\$ 1,242) | \$ 550,141 |
| <u>Six Months Ended June 30, 2024</u> | | | | | | | | |
| Balance on January 1, 2024 | | \$ 273,234 | \$ 158,042 | \$ 53,949 | \$ 1,042 | \$ 98,794 | (\$ 1,628) | \$ 583,433 |
| Net income (loss) for the period | | - | - | - | - | 36,893 | - | 36,893 |
| Other comprehensive income (loss) | 6(16) | - | - | - | - | - | 2,947 | 2,947 |
| Total comprehensive income (loss) for the periods | | - | - | - | - | 36,893 | 2,947 | 39,840 |
| 2023 earnings allocation and appropriation | | | | | | | | |
| Appropriation for legal reserve | | - | - | 7,416 | - | (7,416) | - | - |
| Appropriation of special surplus reserve | | - | - | - | 586 | (586) | - | - |
| Cash dividends | 6(15) | - | - | - | - | (60,111) | - | (60,111) |
| Balance at June 30, 2024 | | \$ 273,234 | \$ 158,042 | \$ 61,365 | \$ 1,628 | \$ 65,116 | (\$ 1,319) | \$ 563,162 |

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

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | <u>Note</u> | <u>Six Months Ended</u> <u>June 30, 2023</u> | <u>Six Months Ended</u> <u>June 30, 2024</u> |
|--|-----------------|---|---|
| <u>Cash flow of operating activities</u> | | | |
| Net profit before tax this term | | \$ 45,226 | \$ 49,130 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expenses | 6(8)(9) (22) | 6,089 | 6,845 |
| Amortization expenses | 6(22) | 628 | 588 |
| Interest expenses | 6(21) | 331 | 152 |
| Interest income | 6(18) | (1,915) | (754) |
| Dividend income | 6(19) | (3,390) | (2,586) |
| Share of profit on associates and joint ventures accounted for the using equity | 6(7) | (2,146) | (3,618) |
| Changes in assets/liabilities related to operating activities | | | |
| Net changes in assets related to operating activities | | | |
| Contract assets – current | (| 779) | (11,500) |
| Notes receivable, net | | 3,321 | (1,965) |
| Notes receivable – related parties, net | | - | 441 |
| Accounts receivable | | 46,706 | 4,897 |
| Accounts receivable - related parties, net | | 673 | 6,235 |
| Other receivables | (| 18,092) | (3,972) |
| Other receivables – related parties | (| 30) | 48 |
| Inventorie | (| 11,753) | (483) |
| Prepayments | (| 8,341) | (15,199) |
| Other current assets – others | (| 763) | 852 |
| Net changes in liabilities related to operating activities | | | |
| Contract liabilities – current | | 14,086 | 26,995 |
| Notes payable | | 36 | (270) |
| Accounts payable | (| 26,547) | 9,413 |
| Accounts payable – related parties | (| 5,119) | (3,859) |
| Other payables | (| 22,072) | (19,704) |
| Other payables – related parties | (| 910) | 1,024 |
| Other current liabilities – others | | 1,240 | (2,646) |
| Cash inflow from operations | | 16,479 | 36,312 |
| Interest received | | 1,915 | 754 |
| Dividends received | | 3,390 | 2,586 |
| Interest paid | (| 331) | (152) |
| Income tax paid | (| 4,463) | (5,501) |
| Net cash inflow from operating activities | | 16,990 | 33,999 |

(Continued on the next page)

| | <u>Note</u> | <u>January 1 to June 30, 2024</u> | <u>January 1 to June 30, 2023</u> |
|---|-------------|---------------------------------------|---------------------------------------|
| <u>Cash flow of Investment activities</u> | | | |
| Payment for property, plant, and equipment | 6(25) | (\$ 4,932) | (\$ 3,082) |
| Payment for intangible assets | | - | (1,000) |
| Acquisition of financial assets measured at amortized cost | | 195 | (13) |
| Decrease in long-term notes and accounts receivable | | 28,759 | 32,709 |
| Increase in Prepaid Equipment Payments | | (2,753) | (1,136) |
| Decrease (Increase) in Refundable Deposits | | 327 | (1,089) |
| Net cash inflow from investing activities | | <u>21,596</u> | <u>28,567</u> |
| <u>Cash flow of financing activities</u> | | | |
| Increase (Decrease) in guarantee received | 6(26) | - | (130) |
| Repayment of lease principal | 6(26) | (2,298) | (3,002) |
| Distribution of cash dividends | 6(15) | (60,111) | (43,717) |
| Net cash outflow from financing activities | | (62,409) | (46,589) |
| Effect of exchange rate changes on caash and cash equiralente | | 1,822 | (692) |
| Increase in cash and cash equivalents in the current period | | (22,001) | 15,285 |
| Balance of cash and cash equivalents at beginning of period | 6(1) | <u>306,754</u> | <u>171,492</u> |
| Balance of cash and cash equivalents at ending of period | 6(1) | <u>\$ 284,753</u> | <u>\$ 186,777</u> |

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

INFORMATION TECHNOLOGY TOTAL SERVICES CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIX-MONTH ENDED JUNE 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(UNAUDITED)

1. Company History

Information Technology Total Services Co., Ltd. (the “Company”) was incorporated in December 1990. The main business items of the Company and its subsidiaries (collectively, the “Group”) are information technology outsourcing (ITO), business process outsourcing (BPO), and innovative applications and services of the Internet of Things (IoT). TECO Electric and Machinery Co., Ltd. holds 41.97% of the Company’s equity, and TECO Electric and Machinery Co., Ltd. is the ultimate parent company of the Group.

2. Date and Procedures for Approval of the Financial Report

The consolidated financial report was released after being approved by the board of directors on August 9, 2024.

3. Application of Newly Issued and Amended Standards and Interpretations

(1) The effect of adopting new or amended IFRSs endorsed and promulgated by the Financial Supervisory Commission (FSC)

The table below lists the new, revised and amended standards and interpretations of the IFRSs, which apply to the reporting period of 2023, as endorsed and promulgated by the FSC:

| <u>New, Amended, or Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|---|---|
| Amendments to IFRS 16 “Lease liabilities under sale and leaseback” | January 1, 2024 |
| Amendment to IAS 1 “Classification of liabilities as current or non-current.” | January 1, 2024 |
| Amendments to IAS 1 “Non-current liabilities under contract terms.” | January 1, 2024 |
| Amendments to IFRS 7 and IAS 7 “Supplier Finance Arrangements.” | January 1, 2024 |

The Group has assessed that the above standards and interpretations have no material impact on the Group’s financial position and financial performance.

(2) Effect of not adopting the newly promulgated or amended IFRS endorsed by the FSC

The table below summarizes the new, amended, and revised standards and interpretations of the International Financial Reporting Standards (IFRS) applicable for the year 114 of the Republic of China (ROC) as approved by the Financial Supervisory Commission.

| <u>New, Amended, or Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|--|---|
| The amendment to International Accounting Standard 21, "Lack of Exchangeability" | January 1, 2025 |

(3) Impacts of IFRSs issued by the IASB but not yet endorsed by the FSC

New, amended and revised standards and interpretations of the IFRSs issued by IASB but not yet approved by FSC:

| <u>New, Amended, or Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|--|---|
| Amendments to International Financial Reporting Standard 9 and International Financial Reporting Standard 7: "Amendments to Classification and Measurement of Financial Instruments" | January 1, 2025 |
| 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 IAS |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information" | January 1, 2023 |
| Amendments to IFRS 18 "Presentation and disclosure of financial statements." | January 1, 2027 |
| International Financial Reporting Standard 19: "Disclosure of Subsidiaries with Non-Public Accountability" | January 1, 2027 |
| Annual Improvements to International Financial Reporting Standards – Volume 11 | January 1, 2025 |

The Group has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance.

Amendments to IFRS 18 "Presentation and disclosure of financial statements."

International Financial Reporting Standard 18: "Presentation and Disclosure in Financial Statements," which replaces International Accounting Standard 1. This standard updates the structure of the statement of comprehensive income, introduces new disclosures for management performance measures, and enhances the principles for aggregation and disaggregation in primary financial statements and notes.

4. Summary of significant accounting policies

The consolidated financial statements follow the International Accounting Standard No. 34 "Interim Financial Reporting" with simplified disclosures. Significant accounting policies, except for compliance statements, preparation basis, consolidation basis, and additional explanations as follows, are consistent with the Note 4 to consolidated financial statements for the year 2023. Unless otherwise stated, these policies are applied consistently throughout all reporting periods.

(1) Compliance Statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. This consolidated financial report should be read together with the consolidated financial report for the year 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets measured at fair value through profit or loss..
 - (b) Financial assets at fair value measured at fair value through other comprehensive gains or losses.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC ("IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Principles for preparing consolidated financial statements
The preparation principles of this consolidated financial report are the same as those of the consolidated financial report for the year 2023.

B. The subsidiaries included in the consolidated financial statements:

| Name of investor | Name of the Subsidiary | Nature of Business | Percentage of ownership | | | Description |
|---|---|---|-------------------------|-------------------|--------------|-------------|
| | | | June 30,2024 | December 31, 2023 | June 30,2023 | |
| Information Technology Total Services Co., Ltd. | Unison Service Corporation | Customer relationship management services and consulting services for customer service center establishment | 100% | 100% | 100% | |
| Information Technology Total Services Co., Ltd. | Universal Mail Service Ltd. | Postal information integration and bill printing outsourcing services | 100% | 100% | 100% | |
| Information Technology Total Services Co., Ltd. | Information Technology Total Services (BVI) CO., LTD. | Investment holding company | 100% | 100% | 100% | |
| Information Technology Total Services (BVI) CO., LTD. | Information Technology (Wuxi) Co., Ltd. | ERP establishment, system maintenance, and information equipment procurement | 100% | 100% | 100% | |

C. The subsidiaries not included in the consolidated financial statements: None.

D. Different adjustments and treatment methods of subsidiaries in the accounting period: None.

E. Major restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

5. Major sources of uncertainty for significant accounting judgments, estimates and assumptions

There are no material changes in this period, please refer to Note 5 of the consolidated financial report of the year 2023.

6. Description of Significant Accounting Titles

(1) Cash and cash equivalent

| | June 30,2024 | December 31, 2023 | March 31,2023 |
|----------------------------------|--------------|-------------------|---------------|
| Cash on hand and working capital | \$ 273 | \$ 277 | \$ 266 |
| Check deposit and demand deposit | 284,480 | 306,477 | 186,511 |
| Total | \$ 284,753 | \$ 306,754 | \$ 186,511 |

- A. The financial institutions the Group deals with have high credit ratings. The Group also deals with multiple financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.
- B. As of June 30, 2024 and December 31, 2023 and June 30,2023, the Group provided restricted cash and cash equivalents as performance bonds, amounting to \$ 1,177 and \$ 1,372 and \$ 1,125 , respectively (recognized in “1136 Financial assets measured at amortized cost – current” and “1535 Financial assets measured at amortized cost – non-current”).

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

| Item | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--------------------|---------------|-------------------|---------------|
| Non-current items: | | | |
| Unlisted stocks | \$ 34,370 | \$ 32,524 | \$ 32,984 |

- A. The Group has elected to classify unlisted stocks with stable dividends as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of June 30, 2024 and December 31, 2023 and June 30,2023, were \$ 34,370 and \$32,524 and \$32,984, respectively.
- B. The dividend income recognized in profit or loss from financial assets measured at fair value through profit or loss for the period from January 1 to June 30, 2023 and for the year 2024 was \$0.
- C. As of June 30, 2024 and December 31, 2023 and June 30,2023, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Group’s financial assets at fair value through other comprehensive income was in the amount of \$34,370, \$32,524 and \$32,984, respectively.
- D. For information on the price risk and the fair value of financial assets at fair value through other comprehensive income, please refer to Notes 12(2) and (3).

(3) Financial assets measured at amortized cost

| Item | June 30,2024 | December 31, 2023 | June 30,2023 |
|--------------------|---------------|-------------------|-----------------|
| Current item: | | | |
| Time deposits | \$ 605 | \$ 605 | \$ 605 |
| Performance bond | 394 | 521 | 520 |
| Total | <u>\$ 999</u> | <u>\$ 1,126</u> | <u>\$ 1,125</u> |
| Non-current items: | | | |
| Performance bond | <u>\$ 178</u> | <u>\$ 246</u> | <u>\$ -</u> |

- A. Financial assets measured at amortized cost which are recognized in profit or loss are detailed as follows:

| | Three Months Ended June 30 | |
|-----------------|----------------------------|-------------|
| | 2024 | 2023 |
| Interest income | <u>\$ 5</u> | <u>\$ 3</u> |
| | Three Months Ended June 30 | |
| | 2024 | 2023 |
| Interest income | <u>\$ 7</u> | <u>\$ 5</u> |

- B. As of June 30, 2024 and December 31, 2023 and June 30,2023, regardless of the collateral held or other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Group’s financial assets measured at amortized cost was in the amount of \$1,177 and \$1,372 and \$1,125, respectively.
- C. For the financial assets measured at amortized cost which have been pledged by the Group as collateral, see Note 8.
- D. For information on the credit risk of financial assets measured at amortized cost, see Note 12(2). The counterparties for the Group’s investment in certificates of deposit are financial institutions with high credit ratings. Therefore, the expected risk of default is rather low.

(4) Notes and Accounts Receivable

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|----------------------|-------------------|-------------------|-------------------|
| Notes receivable | \$ 3,041 | \$ 6,362 | \$ 3,622 |
| Accounts receivable | \$ 226,878 | \$ 273,584 | \$ 290,979 |
| Less: Allowance loss | (1,988) | (1,988) | (1,988) |
| | <u>\$ 224,890</u> | <u>\$ 271,596</u> | <u>\$ 288,991</u> |

- A. The aging analysis of accounts receivable and notes receivable is as follows:

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|----------------|-------------------|-------------------|-------------------|
| Not past due | \$ 205,544 | \$ 266,300 | \$ 293,378 |
| Within 30 days | 24,354 | 6,884 | 811 |
| 31–90 days | 12 | 6,757 | 412 |
| 91–180 days | 9 | 5 | - |
| 181 and above | - | - | - |
| | <u>\$ 229,919</u> | <u>\$ 279,946</u> | <u>\$ 294,601</u> |

The aging analysis stated above is based on the number of overdue days.

- B. The balances of accounts receivable and notes receivable as of June 30, 2024 and December 31, 2023 and June 30,2023 were all generated from customer contracts. In addition, the balance of accounts receivable from customer contracts on January 1, 2023, was \$ 319,583.
- C. As of June 30, 2024 and December 31, 2023 and June 30,2023, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Group’s notes receivable was in the amount of \$ 3,041 、 \$ 6,362 and \$ 3,622, respectively; the maximum amount of the exposure to the credit risk arising from the Group’s accounts receivable was in the amount of \$ 224,890, \$ 271,596 and \$ 288,991, respectively
- D. Please refer to Note 12(2) for detailed information on the credit risk of accounts and notes receivable.

(5) Inventories

| | June 30, 2024 | | |
|--|------------------|------------------------------|------------------|
| | Costs | Allowance for valuation loss | Carrying amount |
| Merchandise inventory | \$ 7,844 | \$ - | \$ 7,844 |
| Software and hardware costs and consumables for projects | 9,335 | (2,765) | 6,570 |
| | <u>\$ 17,179</u> | <u>(\$ 2,765)</u> | <u>\$ 14,414</u> |

| | December 31, 2023 | | |
|--|-------------------|------------------------------|-----------------|
| | Costs | Allowance for valuation loss | Carrying amount |
| Merchandise inventory | \$ 163 | \$ - | \$ 163 |
| Software and hardware costs and consumables for projects | 5,263 | (2,765) | 2,498 |
| | <u>\$ 5,426</u> | <u>(\$ 2,765)</u> | <u>\$ 2,661</u> |

| | June 30,2023 | | |
|--|------------------|------------------------------|-----------------|
| | Costs | Allowance for valuation loss | Carrying amount |
| Merchandise inventory | \$ 3,947 | \$ - | \$ 3,947 |
| Software and hardware costs and consumables for projects | 7,240 | (2,765) | 4,475 |
| | <u>\$ 11,187</u> | <u>(\$ 2,765)</u> | <u>\$ 8,422</u> |

The cost of inventories and consumables sold by the Group for the periods from January 1 to June 30, 2024 and 2023, and from April 1 to June 30,2024 were \$ 137,076, and \$75,183 and \$195,113 and \$137,665 , respectively.

(6) Prepayments

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|-------------------------|------------------|-------------------|------------------|
| Prepaid royalty fee | \$ 8,687 | \$ 953 | \$ 12,165 |
| Prepaid maintenance fee | 2,278 | 3,066 | 3,042 |
| deferred tax assets | 175 | - | 6,119 |
| Other prepaid expenses | 13,902 | 12,682 | 18,342 |
| | <u>\$ 25,042</u> | <u>\$ 16,701</u> | <u>\$ 39,668</u> |

(7) Investment using equity method

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|---|------------------|-------------------|------------------|
| Tension Envelope Taiwan Corporation | \$ 44,087 | \$ 41,768 | \$ 46,417 |
| An-Hui Information Technology Co., Ltd. | 3,197 | 3,369 | 3,491 |
| | <u>\$ 47,284</u> | <u>\$ 45,137</u> | <u>\$ 49,908</u> |

- A. The Group holds 50% of the voting rights of Tension Envelope Taiwan Corporation (hereinafter referred to as “Tension Envelope”). However, the Group does not have substantive control over Tension Envelope. Tension Envelope’s operating decisions and personnel appointments by its board of directors are guided by another parent company that holds 50% of its voting rights, so the Group’s investment in Tension Envelope is handled using the equity method.
- B. The Group holds 15% of the voting rights of An-Hui Information Technology Co., Ltd. (hereinafter referred to as “An-Hui Information”), obtaining a seat on the board. With significant influence on An-Hui Information, the Group adopts the equity method for investment in An-Hui Information.
- C. Associates

(a) The basic information of the Group’s associates is as follows:

| Company name | Principal place of business | Shareholding percentage | | | Relationship | Measurement method |
|---|-----------------------------|-------------------------|-------------------|--------------|-------------------------|--------------------|
| | | June 30,2024 | December 31, 2023 | June 30,2023 | | |
| Tension Envelope Taiwan Corporation | Taiwan | 50% | 50% | 50% | Suppliers of the Group | Equity method |
| An-Hui Information Technology Co., Ltd. | Taiwan | 15% | 15% | 15% | Strategic collaboration | Equity method |

(b) The carrying amounts of the Group’s associates that are individually immaterial and their share of operating results are aggregated below:

As of June 30,2024 and December 31 2023 and June 30,2023, the carrying amounts of the Group’s associates that are individually immaterial were \$47,284, \$45,137, \$49,908, respectively.

| | Three Months Ended June 30 | |
|--|----------------------------|----------|
| | 2024 | 2023 |
| Net profit (loss) from continuing operations in the current period | \$ 2,919 | \$ 4,811 |
| Other comprehensive income (net of tax) | - | - |
| Current total comprehensive income | \$ 2,919 | \$ 4,811 |

| | Three Months Ended June 30 | |
|--|----------------------------|----------|
| | 2023 | 2022 |
| Net profit (loss) from continuing operations in the current period | \$ 3,488 | \$ 6,424 |
| Other comprehensive income (net of tax) | - | - |
| Current total comprehensive income | \$ 3,488 | \$ 6,424 |

(8) Property, plant, and equipment

| | <u>Machinery and equipment</u> | <u>Office equipment</u> | <u>Leasehold improvements</u> | <u>Others</u> | <u>Total</u> |
|--|--|-----------------------------|-----------------------------------|---------------|------------------|
| <u>At January 1, 2024</u> | | | | | |
| Costs | \$ 59,325 | \$ 13,169 | \$ 12,757 | \$ 966 | \$ 86,217 |
| Accumulated depreciation and impairment | (36,380) | (10,114) | (6,981) | (832) | (54,307) |
| | <u>\$ 22,945</u> | <u>\$ 3,055</u> | <u>\$ 5,776</u> | <u>\$ 134</u> | <u>\$ 31,910</u> |
| January 1 | \$ 22,945 | \$ 3,055 | \$ 5,776 | \$ 134 | \$ 31,910 |
| Additions | 100 | 526 | 1,021 | - | 1,647 |
| Depreciation expenses | (1,955) | (817) | (1,022) | (30) | (3,824) |
| Net exchange difference | - | 12 | - | 4 | 16 |
| June 30 | <u>\$ 21,090</u> | <u>\$ 2,776</u> | <u>\$ 5,775</u> | <u>\$ 108</u> | <u>\$ 29,749</u> |
| June 30, 2024 | | | | | |
| Costs | \$ 59,425 | \$ 13,038 | \$ 13,778 | \$ 992 | \$ 87,233 |
| Accumulated depreciation and impairment | (38,335) | (10,262) | (8,003) | (884) | (57,484) |
| | <u>\$ 21,090</u> | <u>\$ 2,776</u> | <u>\$ 5,775</u> | <u>\$ 108</u> | <u>\$ 29,749</u> |
| | | | | | |
| | <u>Machinery and equipment</u> | <u>Office equipment</u> | <u>Leasehold improvements</u> | <u>Others</u> | <u>Total</u> |
| <u>At January 1, 2023</u> | | | | | |
| Costs | \$ 55,355 | \$ 12,085 | \$ 11,867 | \$ 917 | \$ 80,224 |
| Accumulated depreciation and impairment | (32,762) | (8,459) | (4,948) | (790) | (46,959) |
| | <u>\$ 22,593</u> | <u>\$ 3,626</u> | <u>\$ 6,919</u> | <u>\$ 127</u> | <u>\$ 33,265</u> |
| January 1 | \$ 22,593 | \$ 3,626 | \$ 6,919 | \$ 127 | \$ 33,265 |
| Additions | 1,003 | 721 | 539 | 30 | 2,293 |
| Depreciation expenses | (1,809) | (935) | (1,034) | (29) | (3,807) |
| Net exchange difference | - | (10) | - | (2) | (12) |
| June 30 | <u>\$ 21,787</u> | <u>\$ 3,402</u> | <u>\$ 6,424</u> | <u>\$ 126</u> | <u>\$ 31,739</u> |
| June 30, 2023 | | | | | |
| Costs | \$ 56,358 | \$ 12,757 | \$ 12,406 | \$ 922 | \$ 82,443 |
| Accumulated depreciation and impairment | (34,571) | (9,355) | (5,982) | (796) | (50,704) |
| | <u>\$ 21,787</u> | <u>\$ 3,402</u> | <u>\$ 6,424</u> | <u>\$ 126</u> | <u>\$ 31,739</u> |

The Group did not pledge property, plant, and equipment as collateral.

(9) Lease transaction – lessee

- A. The assets leased by the Group include buildings as well as machinery and equipment. The lease terms usually range from 2 to 5 years. The lease contracts are negotiated separately and contain various terms and conditions. Except that the leased asset cannot be used as collateral for loans, no other restrictions are imposed.
- B. The carrying amount of the right-of-use assets and the recognized depreciation expenses are described below:

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|-------------------------|-----------------|-------------------|------------------|
| Book amount | | | |
| Buildings | \$ 4,818 | \$ 6,435 | \$ 8,607 |
| Machinery and equipment | 2,160 | 2,808 | 3,892 |
| | <u>\$ 6,978</u> | <u>\$ 9,243</u> | <u>\$ 12,499</u> |

| | Three Months Ended June 30 | |
|-------------------------|----------------------------|-----------------|
| | 2024 | 2023 |
| Depreciation expenses | | |
| Buildings | \$ 808 | \$ 1,086 |
| Machinery and equipment | 325 | 433 |
| | <u>\$ 1,133</u> | <u>\$ 1,519</u> |

| | Six Months Ended June 30 | |
|-------------------------|--------------------------|-----------------|
| | 2024 | 2023 |
| Depreciation expenses | | |
| Buildings | \$ 1,616 | \$ 2,172 |
| Machinery and equipment | 649 | 866 |
| | <u>\$ 2,265</u> | <u>\$ 3,038</u> |

C. For the three months and six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$0, \$0, \$0 and \$ 945, respectively.

D. Information on the profit or loss items related to lease contracts is as follows:

| | Three Months Ended June 30 | |
|---|----------------------------|-------|
| | 2024 | 2023 |
| <u>Items affecting the current profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 29 | \$ 51 |
| Expenses of short-term lease contracts and leases of low-value assets | 3,338 | 2,882 |

| | Six Months Ended June 30 | |
|---|--------------------------|--------|
| | 2024 | 2023 |
| <u>Items affecting the current profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 63 | \$ 108 |
| Expenses of short-term lease contracts and leases of low-value assets | 6,847 | 5,655 |

E. For the three months and six months ended June 30, 2024 and 2023, the Group's total cash outflows from leases were \$ 9,208 and \$ 8,765, respectively.

(10) Long-term notes and accounts receivable

| | <u>June 30,2024</u> | <u>December 31, 2023</u> | <u>June 30,2023</u> |
|-----------------------------------|---------------------|--------------------------|---------------------|
| Long-term accounts receivable | \$ 72,439 | \$ 101,719 | \$ 101,719 |
| Less: Unrealized interest revenue | (2,835) | (3,356) | (4,333) |
| Total | <u>\$ 69,604</u> | <u>\$ 98,363</u> | <u>\$ 97,386</u> |

A. The expected recovery is as follows:

| | <u>June 30,2024</u> | <u>December 31, 2023</u> | <u>June 30,2023</u> |
|-----------|---------------------|--------------------------|---------------------|
| 2-5 years | \$ 72,439 | \$ 101,719 | \$ 101,719 |

B. The amounts of notes and payments due within one year as of June 30,2024 and December 31, 2023 June 30,2023, were \$44,680 and \$47,643 and \$47,643, respectively, which have all been reclassified to “1170 Accounts receivable.”

(11) Other payables

| | <u>June 30,2024</u> | <u>December 31, 2023</u> | <u>June 30,,2023</u> |
|--|---------------------|--------------------------|----------------------|
| Salary payable | \$ 25,088 | \$ 42,767 | \$ 29,686 |
| Employee compensation and directors’ and supervisors’ remuneration payable | 8,303 | 14,130 | 7,532 |
| Labor and health insurance premium and pension payable | 6,381 | 6,544 | 5,748 |
| Business tax payable | 1,700 | 1,656 | 1,288 |
| Service fee payable | 1,136 | 1,770 | 1,513 |
| Social insurance fund payable | 984 | 999 | 946 |
| Payables for equipment | 171 | 3,456 | 309 |
| Expenses payable – others | 6,733 | 4,531 | 4,777 |
| | <u>\$ 50,496</u> | <u>\$ 75,853</u> | <u>\$ 51,799</u> |

(12) Pension

A. Before the settlement of the Labor Retirement Reserve Fund (the old fund) on February 3, 2017, the Company established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act, which were applicable to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005, and to the formal employees who still chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Under the defined benefit pension plan, two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units granted and the average monthly salary of the last six months prior to retirement. The Company contributes 2% of the employee’s total wage as the pension fund on a monthly basis and deposits it in the specific account with the Bank of Taiwan in the name of Labor Pension Reserve Committee.

- B. Since July 1, 2005, the Company and its domestic subsidiaries have established the defined contribution retirement regulations in accordance with the Labor Pension Act, which are applicable to employees with Taiwanese nationality. For the pension plan under the Labor Pension Act chosen by employees, the Company and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of the monthly salaries. Based on employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.
- C. Some subsidiaries of the Group make monthly contributions according to a certain percentage of local employees' salaries in accordance with the pension system stipulated by the government of the People's Republic of China, and the contribution percentages ranged by 16% in both From January 1 to June 30, 2024 and 2023. The pension for each employee is managed by the government; thus, the Group does not have further obligations except for making monthly contributions.
- D. The cost of pensions recognized based on the methods above for From January 1 to June 30, 2024 and 2023 and April 1 to June 30 were \$ 3,549, \$3,528, \$7,032 and \$7,056, respectively.

(13) Share capital

As of June 30, 2024, the Company's registered capital was \$400,000, divided into 40,000 thousand shares, and the paid-in capital was \$273,234, with a par value of \$10 per share. The payment for the issued shares of the Company has been received.

The adjustment to the number of the Company's ordinary shares outstanding at the beginning and end of the period is as follows: (in thousand shares) :

(14) Capital surplus

According to the Company Act, the Company may distribute the capital surplus gained from the income derived from the issuance of new shares at a premium or from endowments received by the Company by issuing new shares or allocating cash to its original shareholders in proportion to the number of shares being held except for the part of the capital surplus needed for makeup of loss and if the Company incurs no accumulated loss. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

- A. The dividend distribution method specified in the Company's Articles of Incorporation is as follows:
 - (a) In accordance with the Articles of Incorporation, if the Company has accumulated earnings in its annual financial statements, it shall first allocate funds for tax payment and offset accumulated losses. Then, 10 % of the remaining amount is allocated as legal reserve, except when the legal reserve has reached the total capital amount. In addition,

the Company shall make provisions or reversals according to the regulations of the competent authority, and if there is still a balance remaining , it shall be added to the undistributed earnings of the previous year. The Board of Directors shall draft a proposal for dividend distribution, and the distribution of stock dividends shall be resolved by the shareholders' meeting. The distribution of cash dividends shall be authorized by a resolution passed by a majority of over two-thirds of the directors in attendance at the Board of Directors meeting, with the presence of a majority of the directors, and shall be reported to the shareholders' meeting.

- B. The legal reserve shall not be used except for compensation for the Company's losses and the issue of new shares or cash in proportion to the shareholders' original shares. However, in the case of the issue of new shares or cash, it shall be limited to the portion of the legal reserve in excess of 25% of the paid-in capital.
- C. (1) In accordance with the regulations, the Company shall set aside a special reserve from the debit balance on other equity items on the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- (2) Upon the first-time adoption of IFRSs, the special reserve was set aside per Letter No.1090150022 dated March 31, 2021, issued by Financial Supervisory Commission. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed. If the aforementioned assets are investment property, it shall be reversed at the time of disposal or reclassification in the case of land, while for property other than the land, it shall be reversed phase by phase during the period of use.
- D. On May 30, 2024, and May 29, 2023, the shareholder's during their meeting resolved the distribution of 2023 and 2022 retained earnings is as follow:

| | 2023 | | 2022 | |
|-----------------|------------------|--------------------------|------------------|--------------------------|
| | Amount | Dividend per share (NTD) | Amount | Dividend per share (NTD) |
| Legal reserve | \$ 7,416 | | \$ 5,609 | |
| Special reserve | 586 | | (4,442) | |
| Cash dividends | 60,111 | \$ 2.2 | 43,717 | \$ 1.6 |
| Total | <u>\$ 68,113</u> | | <u>\$ 44,884</u> | |

- E. On February 21, 2024, the Board of Directors resolved to distribute a dividend of \$2.2 per ordinary share for the fiscal year 2023, totaling \$60,111 in dividends.

(16) Other equity items

| | 2024 | | 2023 | |
|--------------------------------------|-----------------|--------------------------|-------------------|--------------------------|
| | Amount | Dividend per share (NTD) | Amount | Dividend per share (NTD) |
| At January 1 | (\$ 1,628) | | (\$ 1,042) | |
| Foreign currency exchange difference | 2,947 | | (200) | |
| At June 30 | <u>\$ 1,319</u> | | <u>(\$ 1,242)</u> | |

(17) Operating revenue

| | Three Months Ended June 30 | |
|---------------------------------------|----------------------------|-------------------|
| | 2024 | 2023 |
| Revenue from contracts with customers | | |
| Service revenue | \$ 246,968 | \$ 277,779 |
| Sales revenue | 3,599 | 4,095 |
| Total | <u>\$ 250,567</u> | <u>\$ 281,874</u> |

| | Six Months Ended June 30 | |
|---------------------------------------|--------------------------|-------------------|
| | 2024 | 2023 |
| Revenue from contracts with customers | | |
| Service revenue | \$ 611,046 | \$ 674,618 |
| Sales revenue | 3,850 | 7,921 |
| Total | <u>\$ 614,896</u> | <u>\$ 682,539</u> |

A. Details of revenue from contracts with customers

The Group's revenue comes from the provision of goods and services that are gradually transferred over time and transferred at a certain point in time. The revenue can be broken down into the following main product lines:

| Three Months Ended June 30, 2024 | Information technology outsourcing | Business process outsourcing | Total |
|--|------------------------------------|------------------------------|-------------------|
| Revenue from contracts with external customers | <u>\$ 118,182</u> | <u>\$ 132,385</u> | <u>\$ 250,567</u> |
| Time point of revenue recognition | | | |
| Revenue recognized at a point in time | \$ 11,967 | \$ 9,241 | \$ 21,208 |
| Revenue recognized gradually over time | 106,215 | 123,144 | 229,359 |
| | <u>\$ 118,182</u> | <u>\$ 132,385</u> | <u>\$ 250,567</u> |

| Three Months Ended June 30, 2023 | Information technology outsourcing | Business process outsourcing | Total |
|--|------------------------------------|------------------------------|-------------------|
| Revenue from contracts with external customers | <u>\$ 160,015</u> | <u>\$ 121,859</u> | <u>\$ 281,874</u> |
| Time point of revenue recognition | | | |
| At a point in time | \$ 16,708 | \$ 11,212 | \$ 27,920 |
| Over time | 143,307 | 110,647 | 253,954 |
| | <u>\$ 160,015</u> | <u>\$ 121,859</u> | <u>\$ 281,874</u> |

| Six Months Ended June 30,2024 | Information technology outsourcing | Business process outsourcing | Total |
|---|--|---------------------------------|------------|
| Revenue from contracts with external customers | \$ 380,523 | \$ 234,373 | \$ 614,896 |
| Time point of revenue recognition | | | |
| At a point in time | \$ 174,310 | \$ 13,824 | \$ 188,134 |
| Over time | 206,213 | 220,549 | 426,762 |
| | \$ 380,523 | \$ 234,373 | \$ 614,896 |
| Six Months Ended June 30,2023 | Information technology outsourcing | Business process outsourcing | Total |
| Revenue from contracts with external customers | \$ 459,845 | \$ 222,694 | \$ 682,539 |
| Time point of revenue recognition | | | |
| At a point in time | \$ 221,810 | \$ 14,475 | \$ 236,285 |
| Over time | 238,035 | 208,219 | 446,254 |
| | \$ 459,845 | \$ 222,694 | \$ 682,539 |

B. Contract assets and contract liabilities

Contract assets and contract liabilities related to revenue from customer contracts recognized by the Group are as follows:

(a) Contract assets and liabilities:

| | June 30,2024 | December 31, 2023 | June 30,2023 | January 1, 2023 |
|-----------------------|--------------|----------------------|--------------|-----------------|
| Contract assets: | | | | |
| Information systems | | | | |
| Consulting agreements | \$ 90,221 | \$ 89,442 | \$ 46,735 | \$ 35,235 |
| Contract liabilities: | | | | |
| Advance receipts | \$ 38,309 | \$ 24,223 | \$ 41,628 | \$ 14,633 |

(b) Contract liabilities at beginning of period recognized in revenue in current period:

| | Six Months Ended June 30,2024 | |
|------------------|---------------------------------|-----------|
| | 2024 | 2023 |
| Advance receipts | \$ 3,269 | \$ 3,906 |
| | Three Months Ended June 30,2024 | |
| | 2024 | 2023 |
| Advance receipts | \$ 8,208 | \$ 11,257 |

(c) Unfulfilled long-term consultancy contract

As of June 30, 2024, December 31, 2023, and June 30, 2023, the contract prices allocated to the unfulfilled (or not yet fully fulfilled) portions of the long-term consultancy contracts signed by the Group and its customers were \$77,963 , \$47,715 and \$80,202, respectively. The management expects that the transaction prices allocated to the unfulfilled contractual obligations as of June 30, 2024 and 2023, that will be recognized in revenue for the years 2025 and 2024 are \$73,430 and \$10,720, respectively. The aforementioned amounts do not include the amount of consideration for restricted changes.

In addition to the above-mentioned contracts, all other information system consultancy contracts of the Group are contracts that are shorter than one year or are billed based on actual service hours. According to IFRS 15, there is no need to disclose the transaction prices allocated to the unfulfilled contractual obligations of these contracts.

C. The notes and accounts receivable with payment periods exceeding one year are recognized in “1930 Long-term notes and accounts receivable.”

(18) Interest revenue

| | Three Months Ended June 30 | |
|--|----------------------------|--------|
| | 2024 | 2023 |
| Bank deposit interest | \$ 1,141 | \$ 580 |
| Interest income measured at amortized cost | 5 | 3 |
| Other interest revenue | 6 | 9 |
| | \$ 1,152 | \$ 592 |
| | Six Months Ended June 30 | |
| | 2024 | 2023 |
| Bank deposit interest | \$ 1,895 | \$ 736 |
| Interest income from financial assets measured at amortized cost | 7 | 5 |
| Other interest revenue | 13 | 13 |
| | \$ 1,915 | \$ 754 |

(19) Other revenue

| | Three Months Ended June 30 | |
|-----------------------|----------------------------|----------|
| | 2024 | 2023 |
| dividend income | 3,390 | 2,586 |
| Other income - others | 372 | 151 |
| | \$ 3,762 | \$ 2,737 |

| | Six Months Ended June 30 | |
|-----------------------|--------------------------|-----------------|
| | 2024 | 2023 |
| dividend income | 3,390 | 2,586 |
| Other income - others | 651 | 230 |
| | <u>\$ 4,041</u> | <u>\$ 2,816</u> |

(20) Other gains and losses

| | Three Months Ended June 30 | |
|-----------------------------|----------------------------|--------------|
| | 2024 | 2023 |
| Foreign exchange gain | \$ 639 | \$ 31 |
| Miscellaneous disbursements | - | (1) |
| | <u>\$ 639</u> | <u>\$ 30</u> |

| | Six Months Ended June 30 | |
|-----------------------------|--------------------------|--------------|
| | 2024 | 2023 |
| Foreign exchange gain | \$ 804 | \$ 90 |
| Miscellaneous disbursements | (3) | (4) |
| | <u>\$ 801</u> | <u>\$ 86</u> |

(21) Financial costs

| | Three Months Ended June 30 | |
|--------------------------------|----------------------------|--------------|
| | 2024 | 2023 |
| Interest on leases liabilities | \$ 29 | \$ 51 |
| Interest on Bank loan | 258 | - |
| Other financial expenses | 7 | - |
| | <u>\$ 294</u> | <u>\$ 51</u> |

| | Six Months Ended June 30 | |
|--------------------------------|--------------------------|---------------|
| | 2024 | 2023 |
| Interest on leases liabilities | \$ 63 | \$ 108 |
| Interest on Bank loan | 258 | 44 |
| Other financial expenses | 10 | - |
| | <u>\$ 331</u> | <u>\$ 152</u> |

(22) Additional information on the nature of expenses (Including Employee Benefits Expenses)

| | Three Months Ended June 30 | |
|---|----------------------------|-------------------|
| | 2024 | 2023 |
| Salary expenses | \$ 66,961 | \$ 68,163 |
| Expenses for labor and health insurance | 6,439 | 5,867 |
| Pension expenses | 3,549 | 3,528 |
| Other employment expenses | 3,535 | 3,065 |
| Depreciation expense for real estate, plants, and equipment | 1,915 | 1,903 |
| Depreciation expense for right-of-use assets | 1,133 | 1,519 |
| Amortization expense for intangible assets | 295 | 407 |
| | <u>\$ 83,827</u> | <u>\$ 84,452</u> |
| | Six Months Ended June 30 | |
| | 2024 | 2023 |
| Salary expenses | \$ 123,465 | \$ 128,857 |
| Expenses for labor and health insurance | 12,325 | 12,379 |
| Pension expenses | 7,032 | 7,056 |
| Other employment expenses | 7,059 | 6,491 |
| Depreciation expense for real estate, plants, and equipment | 3,824 | 3,807 |
| Depreciation expense for right-of-use assets | 2,265 | 3,038 |
| Amortization expense for intangible assets | 333 | 588 |
| | <u>\$ 628</u> | <u>\$ 162,216</u> |

Note: The additional information on the nature of expenses mentioned above includes operating costs

- A. According to the Company's Articles of Incorporation, after deducting accumulated losses from the Company's profit for the year, if there are earnings, the Company shall appropriate 1–10% of the balance for employee compensation and no more than 5% for the remuneration of directors.
- B. For the Company, the periods covering from April 1 to June 30, 2024 and 2023, and from April 1 to June 30, 2024 and 2023 January 1 to June 30, 2023, were \$1,736、\$1,887、\$3,340、\$3,815, respectively and the foregoing amounts were accounted for under salary expenses.

According to the profit situation as of the end of January 1 to June 30, 2024, said estimates were made at 1%–10% and no greater than 5%, respectively.

The amounts of employee compensation and directors' remuneration for the year 2023 as resolved by the board of directors were \$6,889 and \$4,918, respectively, which were consistent with the amounts recognized in the financial statements for 2023. The employee compensation for 2023 was paid in cash.

Information on employee compensation and directors' remuneration approved by the board of

directors of the Company is available on the Market Observation Post System.

(23) Income tax

A. income tax expense

(a) Component of income tax expense:

| | Three Months Ended June 30 | |
|--|----------------------------|-----------------|
| | 2024 | 2024 |
| Current income tax: | | |
| Income tax incurred for the current period | \$ 3,298 | \$ 487 |
| Undistributed Earnings Levy | 303 | 560 |
| Income tax overestimates for prior years | (600) | (1,699) |
| Total current income tax | <u>3,001</u> | <u>(652)</u> |
| Deferred tax: | | |
| Initial generation and reversal of temporary differences | 983 | 4,951 |
| Total deferred income tax | <u>983</u> | <u>4,951</u> |
| Income tax expense | <u>\$ 3,984</u> | <u>\$ 4,299</u> |

| | Six Months Ended June 30 | |
|--|--------------------------|-----------------|
| | 2024 | 2024 |
| Current income tax: | | |
| Income tax incurred for the current period | \$ 7,502 | \$ 6,004 |
| Undistributed Earnings Levy | 303 | 560 |
| Income tax overestimates for prior years | (600) | (2,399) |
| Total current income tax | <u>7,205</u> | <u>4,165</u> |
| Deferred tax: | | |
| Initial generation and reversal of temporary differences | 1,128 | 4,485 |
| Total deferred income tax | <u>1,128</u> | <u>4,485</u> |
| Income tax expense | <u>\$ 8,333</u> | <u>\$ 8,650</u> |

(b) The amount of income tax related to other comprehensive income:

| | Three Months Ended June 30 | |
|---|----------------------------|-------|
| | 2024 | 2023 |
| Translation differences on foreign operations | (\$ 207) | \$ 16 |

| | Six Months Ended June 30 | |
|---|--------------------------|-------|
| | 2024 | 2023 |
| Translation differences on foreign operations | (\$ 307) | \$ 50 |

B. The Company's income tax for the business income has been assessed and approved by the tax authorities until the fiscal year 2021.

(24) Earnings per share

| | Three Months Ended June 30, 2024 | | |
|---|----------------------------------|---|--------------------------|
| | Amount after tax | Weighted average number of outstanding shares (thousand shares) | Earnings per share (NTD) |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to ordinary shareholders of the parent company | \$ 18,852 | 27,323 | \$ <u>0.69</u> |
| <u>Diluted earnings per share</u> | | | |
| Employee compensation | - | 147 | |
| Current net income attributable to ordinary shareholders of the parent company plus potential effect of ordinary shares | \$ <u>18,852</u> | \$ <u>27,470</u> | \$ <u>0.69</u> |
| | Three Months Ended June 30, 2023 | | |
| | Amount after tax | Weighted average number of outstanding shares (thousand shares) | Earnings per share (NTD) |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to ordinary shareholders of the parent company | \$ 20,044 | 27,323 | \$ <u>0.73</u> |
| <u>Diluted earnings per share</u> | | | |
| Employee compensation | - | 26 | |
| Current net income attributable to ordinary shareholders of the parent company plus potential effect of ordinary shares | \$ <u>20,044</u> | \$ <u>27,349</u> | \$ <u>0.73</u> |
| | Six Months Ended June 30, 2024 | | |
| | Amount after tax | Weighted average number of outstanding shares (thousand shares) | Earnings per share (NTD) |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to ordinary shareholders of the parent company | \$ 36,893 | 27,323 | \$ <u>1.35</u> |
| <u>Diluted earnings per share</u> | | | |
| Employee compensation | - | 108 | |
| Current net income attributable to ordinary shareholders of the | \$ <u>36,893</u> | \$ <u>27,431</u> | \$ <u>1.35</u> |

parent company plus potential
effect of ordinary shares

Six Months Ended June 30, 2023

| | Amount after tax | Weighted average number of outstanding shares (thousand shares) | Earnings per share (NTD) |
|--|------------------|---|-----------------------------|
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to ordinary shareholders of the parent company | \$ 40,480 | 27,323 | \$ 1.48 |
| <u>Diluted earnings per share</u> | | | |
| Employee compensation | - | 67 | |
| Current net income attributable to ordinary shareholders of the parent company plus potential effect of ordinary shares | \$ 40,480 | \$ 27,390 | \$ 1.48 |

(25) Additional information on cash flows

Investing activities with only partial cash payment:

| | Six Months Ended June 30 | |
|---|--------------------------|----------|
| | 2024 | 2023 |
| Purchase of property, plant, and equipment | \$ 1,647 | \$ 2,293 |
| Add: Payables for equipment, beginning of period | 3,456 | 1,098 |
| Less: Payables for equipment, end of period | (171) | (309) |
| Cash paid in the current period | \$ 4,932 | \$ 3,082 |

(26) Changes in liabilities from financing activities

| | January 1, 2024 | Changes in cash flows | No effect on | June 30, 2024 |
|--|-----------------|--------------------------|--------------------------|---------------|
| | | | changes in cash flows | |
| Lease liabilities | \$ 9,489 | (\$ 2,298) | \$ - | \$ 7,191 |
| Deposit received | 397 | - | - | 397 |
| Total liabilities from financing activities | \$ 9,886 | (\$ 2,298) | \$ - | \$ 7,588 |

| | January 1, 2023 | Changes in cash flows | No effect on | June 30, 2023 |
|--|-----------------|--------------------------|--------------------------|---------------|
| | | | changes in cash flows | |
| Lease liabilities | \$ 14,816 | (\$ 3,002) | \$ 946 | \$ 12,760 |
| Deposit received | 743 | 130 | - | 873 |
| Total liabilities from financing activities | \$ 15,559 | (\$ 2,872) | \$ 946 | \$ 13,633 |

7. Related Party Transactions

(1) Names of related parties and relationships

| Name of the related party | Relationship with the Group |
|--|-----------------------------|
| TECO Electric And Machinery Co., Ltd. | Ultimate parent company |
| An-Hui Information Technology Co., Ltd. (An-Hui Information) | Associates |
| Tension Envelope Taiwan Corporation. | Associates |
| Teco Industrial (Malaysia) Sdn., Bhd. | Other related parties |
| Teco (Vietnam) Electronic & Machinery Co., Ltd. | Other related parties |
| Teco Australia Pty., Ltd. | Other related parties |
| Teco Electric & Machinery Sdn. Bhd. | Other related parties |
| Teco Electric & Machinery (Pte) Ltd. | Other related parties |
| Teco Middle East Electrical & Machinery Co., Ltd. | Other related parties |
| Teco Technology (Vietnam) Co., Ltd. | Other related parties |
| Teco Westinghouse Motor Company | Other related parties |
| Teco Westinghouse Motor Company S. A. De C. V. | Other related parties |
| Shanghai TECO Electric And Machinery Co., Ltd. (Shanghai TECO) | Other related parties |
| Century Development Corporation | Other related parties |
| Taian Technology (Wuxi) Co., Ltd. | Other related parties |
| Taiwan Pelican Express Co., Ltd. (Taiwan Pelican Express) | Other related parties |
| An-Shin Food Services Co., Ltd. (An-Shin Food) | Other related parties |
| Yatec Engineering Corporation | Other related parties |
| Taian-Ecobar Technology Co., Ltd. | Other related parties |
| Jiangxi Teco Westinghouse Motor Coil Co., Ltd. | Other related parties |
| Jiangxi TECO Electric And Machinery Co., Ltd. | Other related parties |
| Jiangxi Teco Air Conditioning Equipment Co., Ltd. | Other related parties |
| Teco Sun Energy Company Limited | Other related parties |
| Teco International Investment Co., Ltd. | Other related parties |
| Teco Electro Devices Co., Ltd. | Other related parties |
| TECO Smart Technologies Co., Ltd. | Other related parties |
| Tong-An Assets Management & Development Co., Ltd. | Other related parties |
| Zimtech Co., Ltd. | Other related parties |
| Tung Pei Industrial Co., Ltd. (Tung Pei Industrial) | Other related parties |
| Tecnos International Consultant Co., Ltd. (Tecnos International) | Other related parties |
| Qingdao Teco Precision Mechatronics Co., Ltd. | Other related parties |
| Fujian Teco Precision Co., Ltd. | Other related parties |
| Advantech Co., Ltd. (Advantech) | Other related parties |
| Temico Motor India Private | Other related parties |
| Nidec Corporation | Other related parties |
| Teco Tour Travel Service Co., Ltd. | Other related parties |
| Fujio Food System Taiwan Co., Ltd. | Other related parties |
| Jie Zheng Property Service & Management Co., Ltd. | Other related parties |
| Wuxi Teco Electric & Machinery Co. Ltd. (Wuxi Teco) | Other related parties |
| Wuxi Teco Precision Industry Co., Ltd. | Other related parties |
| Wuxi Teco Electro Devices Co., Ltd. (Wuxi Teco Electro Devices) | Other related parties |
| Wuxi Teco Electro Devices Co., Ltd. (Wuxi Teco Electro Devices) | Other related parties |
| Technical Information International Corporation | Other related parties |
| Royal Co., Ltd. (Royal) | Other related parties |

| Name of the related party | Relationship with the Group |
|---------------------------------|-----------------------------|
| Royal Host Taiwan Co., Ltd. | Other related parties |
| Creative Sensor Inc | Other related parties |
| Teco Image Systems Co., Ltd. | Other related parties |
| Tecom Co., Ltd | Other related parties |
| TECO Capital Investment Co. LTD | Other related parties |

(2) Significant transactions with related parties

A. Operating revenue

| | From April 1 to June 30 | |
|--------------------------------|---------------------------|------------|
| | 2024 | 2023 |
| Sale of goods: | | |
| Other related parties | | |
| -Wuxi TECO | \$ 1,280 | \$ 1,575 |
| -Taian Technology(Wuxi) | 1,032 | 502 |
| -Shanghai TECO Electric | - | 906 |
| -Jiangxi TECO Electric | 881 | 390 |
| -Jiangxi Teco Air Conditioning | 123 | 354 |
| - Others | 35 | 97 |
| Sale of services: | 211 | 215 |
| Parent company | 43,711 | 51,201 |
| Other related parties | | |
| - Taiwan Pelican Express | 10,049 | 9,499 |
| - Wuxi Teco | 4,059 | 4,877 |
| -An-Shin Food Services | 2,171 | 3,144 |
| - TECO Westinghouse | 259 | - |
| -Tung Pei Industrial | 6 | 6 |
| - Others | 19,677 | 22,710 |
| Total | \$ 83,494 | \$ 95,536 |
| | From January 1 to June 30 | |
| | 2024 | 2023 |
| Sale of goods: | | |
| Other related parties | | |
| -Wuxi TECO | \$ 1,344 | \$ 1,689 |
| -Taian Technology(Wuxi) | 1,097 | 576 |
| -Shanghai TECO Electric | - | 906 |
| -Jiangxi TECO Electric | 881 | 390 |
| -Jiangxi Teco Air Conditioning | 145 | 354 |
| - Others | 35 | 245 |
| Sale of services: | 213 | 215 |
| Parent company | 90,443 | 95,114 |
| Other related parties | | |
| - Taiwan Pelican Express | 18,181 | 18,381 |
| - Wuxi Teco | 7,570 | 10,084 |
| -An-Shin Food Services | 4,242 | 6,145 |
| - TECO Westinghouse | 4,140 | 4,142 |
| -Tung Pei Industrial | 4,101 | 4,030 |
| - Others | 37,946 | 37,965 |
| Total | \$ 170,338 | \$ 180,236 |

(a) There are no significant differences in the transaction prices and payment terms of sales revenue in the transactions with non-associates, and the payment period is 60 to 90 days.

- (b) Service transactions include software business contracts, including enterprise resource planning and logistics outsourcing systems. Most of them are individual projects. Therefore, the contract price is determined by negotiation between both parties. The payment period is usually 30 to 120 days, and there are no significant differences in transactions with non-associates.

B. Purchase

| | From April 1 to June 30 | |
|---------------------------------------|---------------------------|-----------------|
| | 2024 | 2023 |
| Purchase of materials: | | |
| Other related parties | | |
| -Advantech | \$ 67 | \$ - |
| Associate company | | |
| -Tension Envelope | 509 | 447 |
| Purchase of services: | | |
| Parent company | 727 | 494 |
| Other related parties | | |
| - Technical Information International | 98 | 1,149 |
| - Taiwan Pelican Express | 607 | 340 |
| - Tecnos International | - | 337 |
| - Others | 19 | 122 |
| Total | <u>\$ 2,027</u> | <u>\$ 2,889</u> |
| | From January 1 to June 30 | |
| | 2024 | 2023 |
| Purchase of materials: | | |
| Other related parties | | |
| -Advantech | \$ 113 | \$ - |
| Associate company | | |
| -Tension Envelope | 960 | 1,276 |
| Purchase of services: | | |
| Parent company | 1,377 | 2,253 |
| Other related parties | | |
| - Technical Information International | 1,042 | 2,138 |
| - Taiwan Pelican Express | 1,426 | 1,191 |
| - Tecnos International | 196 | 679 |
| - Others | 52 | 375 |
| Total | <u>\$ 5,166</u> | <u>\$ 7,912</u> |

- (a) No other transactions of the same types are available for comparison in terms of the purchase price and payment terms with associates, so such price and terms are decided in accordance with the contracts between both parties.
- (b) The purchase of services from the parent company is mainly personnel support for operational needs, and there are no similar types of transactions for comparison. The payment term is net 30 to 60 days.
- (c) The purchase of services from other related parties is personnel support, consulting fees, and freight for operational needs. The price conditions are roughly the same as those with general suppliers. The payment term is net 30 to 60 days.

C. Receivables from related parties

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|---|------------------|-------------------|------------------|
| Accounts receivable: | | | |
| Parent company | 33,899 | 43,974 | 31,411 |
| Other related parties | | | |
| –Taiwan Pelican Express | 5,173 | 2,866 | 4,648 |
| –TECO Westinghouse | 3,907 | - | - |
| –WUXI TECO | 3,278 | 6,330 | 8,029 |
| –Teco Image Systems | 1,837 | 3,673 | 3,673 |
| –Taian Technology(Wuxi) | 1,898 | 2,020 | 2,561 |
| –An-Hui Information Technology Co., Ltd. | 1,984 | 265 | 162 |
| – Others | 22,111 | 15,632 | 15,498 |
| Subtotal | <u>74,087</u> | <u>74,760</u> | <u>64,982</u> |
| Other receivables - other: | | | |
| Other related parties | | | |
| – Others | 30 | - | 13 |
| Subtotal | <u>30</u> | <u>-</u> | <u>13</u> |
| Total | <u>\$ 74,117</u> | <u>\$ 74,760</u> | <u>\$ 64,995</u> |

(a) Receivables from related parties mainly come from providing of relevant services, which includes information software, data processing, and electronic information supply.

(b) Other receivables mainly include prepaid postage and other payments receivable.

D. Payables to related parties

| | June 30,2024 | December 31, 2023 | June 30,2023 |
|---|-----------------|-------------------|-----------------|
| Accounts payable: | | | |
| Parent company | \$ 252 | \$ 216 | \$ 800 |
| Other related parties | | | |
| –Technical Information International | 1,830 | 6,774 | 3,047 |
| –Taiwan Pelican Express | 351 | 699 | 103 |
| – Others | 206 | 415 | 104 |
| Associates | | | |
| – Tension Envelope | 879 | 533 | 428 |
| Subtotal | <u>3,518</u> | <u>8,637</u> | <u>4,482</u> |
| Other payables – others: | | | |
| Parent company | 1,468 | 2,365 | 1,804 |
| Other related parties | | | |
| –Taian Technology | - | - | 126 |
| – Others | 3 | 16 | 24 |
| Subtotal | <u>1,471</u> | <u>2,381</u> | <u>1,945</u> |
| Total | <u>\$ 4,989</u> | <u>\$ 11,018</u> | <u>\$ 6,436</u> |

E. Lease transaction – lessee

(a) The Group leases buildings from the parent company and Taian Technology. The lease contracts are for the fiscal years 2024 and 2023, with payments made on a monthly basis.

(b) Rental expenses

| | From April 1 to June 30 | |
|------------------|-------------------------|--------------|
| | 2024 | 2023 |
| Parent company | \$ 1,576 | \$ 1,576 |
| Taian Technology | 92 | 81 |
| Total | <u>1,668</u> | <u>1,657</u> |

| | From January 1 to June 30 | |
|------------------|---------------------------|--------------|
| | 2024 | 2023 |
| Parent company | \$ 3,152 | \$ 3,152 |
| Taian Technology | 183 | 142 |
| Total | <u>3,335</u> | <u>3,294</u> |

(3) Key management compensation

| | From April 1 to June 30 | |
|-------------------------------------|-------------------------|-----------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 5,821 | \$ 5,500 |
| Benefits after severance/retirement | 167 | 175 |
| Total | <u>\$ 5,988</u> | <u>\$ 5,675</u> |

| | From January 1 to June 30 | |
|-------------------------------------|---------------------------|------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 13,642 | \$ 13,405 |
| Benefits after severance/retirement | 332 | 385 |
| Total | <u>\$ 13,974</u> | <u>\$ 13,790</u> |

8. Pledged assets

The details of the assets pledged by the Group as collateral are as follows:

| Assets | Carrying amount | | | Purpose of collateral |
|---|-----------------|-------------------|-----------------|-------------------------------|
| | June 30,2024 | December 31, 2023 | June 30,2023 | |
| Financial assets measured at amortized cost - current | \$ 999 | \$ 1,126 | \$ 1,125 | Performance Guarantee Deposit |
| Financial assets measured at amortized cost - non-current | 178 | 246 | - | “ |
| Total | <u>\$ 1,177</u> | <u>\$ 1,372</u> | <u>\$ 1,125</u> | |

9. Material contingent liabilities and unrecognized contractual commitments

(1) Contingency

None.

(2) Commitments

For the operating lease agreements, please refer to Note 7(2)5.

10. Major disaster loss

None.

11. Material events after the balance sheet date

None.

12. Others

(1) Capital management

The Group's capital management objectives are to ensure that the Group can continue as a going concern, maintain the best capital structure to meet the needs for equipment, and provide dividends to shareholders. Therefore, the Group's capital management aims to ensure that it has the necessary financial resources and operating plans to maintain or adjust the capital structure to respond to the operating capital, capital expenditures, research and development expenses, debt repayment, and dividend payments required in the following year.

(2) Financial instruments

A. Type of financial instruments

| | <u>June 30,2024</u> | <u>December 31, 2023</u> | <u>June 30,2023</u> |
|---|---------------------|--------------------------|---------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value through other comprehensive income | | | |
| Investment in designated equity instruments selected | \$ 34,370 | \$ 32,524 | \$ 32,984 |
| Financial assets measured at amortized cost | | | |
| Cash and cash equivalent | 284,753 | 306,754 | 186,777 |
| Financial assets measured at amortized cost | 1,177 | 1,372 | 1,125 |
| Notes receivable | 3,041 | 6,362 | 3,622 |
| Accounts receivable | 298,977 | 346,356 | 353,973 |
| Other receivables | 23,454 | 5,332 | 10,015 |
| Refundable deposits | 8,563 | 8,890 | 6,818 |

| | | | |
|-------------------------------|-------------------|-------------------|-------------------|
| Long-term accounts receivable | 69,604 | 98,363 | 97,386 |
| | <u>\$ 723,939</u> | <u>\$ 805,953</u> | <u>\$ 692,700</u> |

| | <u>June 30,2024</u> | <u>December 31, 2023</u> | <u>June 30,2023</u> |
|--|---------------------|--------------------------|---------------------|
| <u>Financial liabilities</u> | | | |
| Financial liabilities measured at amortized cost | | | |
| Notes payable | \$ 756 | \$ 720 | \$ 621 |
| Accounts payable | 264,627 | 296,293 | 201,505 |
| Other accounts payable | 51,967 | 78,234 | 53,753 |
| Deposit received | 397 | 397 | 873 |
| | <u>\$ 317,747</u> | <u>\$ 375,644</u> | <u>\$ 256,752</u> |
| Lease liabilities | <u>\$ 7,191</u> | <u>\$ 9,489</u> | <u>\$ 12,760</u> |

B. Risk management policy

- (a) The daily operations of the Group are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The overall risk management policy of the Group focuses on unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by the Group's finance department in accordance with the policy approved by the board of directors. The Group's finance department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Group's operating units. The board of directors has formulated principles for overall risk management, and also provided written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and investment using remaining liquidity.

C. Nature and level of material financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and CNY) used by the Company and its subsidiaries. Exchange rate risk arises from future business transactions and assets and liabilities recognized.

- ii. The Group's business involves a number of non-functional currencies. Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

| June 30, 2024 | | | |
|---------------------------|--------------------------------------|---------------|--------------------------|
| | Foreign currencies (in thousands) | Exchange rate | Carrying amount (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 827 | 32.45 | \$ 26,836 |
| <u>Non-monetary items</u> | | | |
| USD:NTD | \$ 1,058 | 32.45 | \$ 34,332 |
| December 31, 2023 | | | |
| | Foreign currencies (in thousands) | Exchange rate | Carrying amount (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 511 | 30.71 | \$ 15,693 |
| <u>Non-monetary items</u> | | | |
| USD:NTD | \$ 1,058 | 30.71 | \$ 32,491 |
| June 30, 2023 | | | |
| | Foreign currencies (in thousands) | Exchange rate | Carrying amount (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 493 | 31.14 | \$ 15,352 |
| <u>Non-monetary items</u> | | | |
| USD:NTD | \$ 1,058 | 31.14 | \$ 32,937 |

- iii. Exchange rate fluctuations have a significant influence on the Group's monetary items. The aggregate amounts of all exchange gains (losses) (including realized and unrealized) recognized for January 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 were \$639 、 \$31 、 \$804 and \$90 。

- iv. The Group's foreign currency market risk analysis due to significant influence of exchange rate fluctuations is as follows:

| For the six-month periods ended June 30, 2024 | | | |
|---|--------------------|--------------------------------------|--|
| Sensitivity analysis | | | |
| | Exchange rate band | Effect on pre-tax profit and loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 268 | - |

| For the three-month periods ended March 31,2023 | | | | | |
|---|--|--------------------|-----------------------------------|--------------------------------------|---|
| Sensitivity analysis | | | | | |
| | | Exchange rate band | Effect on pre-tax profit and loss | Effect on other comprehensive income | |
| <u>Financial assets</u> | | | | | |
| <u>Monetary items</u> | | | | | |
| USD:NTD | | 1% | \$ 154 | \$ | - |

Price risk

- i. The Group's equity instruments exposed to price risk are financial assets held at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Group.
 - ii. The Group mainly invests in equity instruments issued by domestic and foreign companies, and the prices of these equity instruments are affected by the uncertainty of the future values of said instruments. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the other comprehensive income would have increased or decreased by \$344 and \$330 for January 1 to June 30, 2024 and 2023, respectively, because of the gains or losses on the equity instrument investment at fair value through other comprehensive income.
- (b) Credit risk
- i. The credit risk of the Group is the risk of financial loss suffered by the Group arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms, and the contractual cash flow of debt instrument investment classified as measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit and loss.
 - ii. The Group has established credit risk management from the Group's perspective. For banks and financial institutions with whom it deals, only those with an independent credit rating of at least good can be accepted as transaction counterparties. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. The credit facilities with respect to individual risks are determined by the Board of Directors pursuant to internal and external rating. Use of the credit facilities is monitored on a regular basis.
 - iii. The Group in accordance with the credit risk management procedures, deems contract

payments that are overdue for more than 365 days according to the agreed payment terms or show signs that the debt cannot be repaid to be in default.

- iv. The Company adopts IFRS 9 to set the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:

When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

- v. The indicators used by the Group to determine investment in debt instruments as credit impairment are as follows:

(A) The issuer has encountered major financial difficulties, or has an increased possibility of going into bankruptcy or other financial restructuring;

(B) The active market of financial assets disappears due to financial difficulties of the issuer;

(C) The issuer's delay or non-payment of interest or principal;

(D) Any adverse changes in national or regional economic situations that lead to breach of contract on the side of the issuer.

- vi. The Group groups customers' accounts receivable according to the characteristics of trade credit risk, and adopts a simplified approach to estimate expected credit losses based on the loss rate method.

- vii. After the recourse procedures, the Group provides loss allowance and recognizes overdue receivables for the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Group will continue to carry out the legal recourse procedures to preserve the creditor's rights. The Group's claims for which loss allowance has been provided with recourse activities still underway was \$0 on both June 30,2024, December 31,2023 and June 30,2023.

- viii. The Group has included forward-looking considerations for the future and adjusted the loss rate established based on historical and current information for a specific period to estimate the loss allowance for notes receivable (including related parties), accounts receivable (including related parties), and long-term notes and accounts receivable (including related parties). The loss rate method as of June 30,2024, December 31,2023 and June 30,2023, is as follows:

| | Not past due | Within 30 days | 31–90 days | Over 91 days | Individual assessment | Total |
|--------------------------|--------------|----------------|------------|--------------|-----------------------|------------|
| <u>June 30 , 2024</u> | | | | | | |
| Expected loss rate | 0% ~ 1% | 0% ~ 10% | 0% ~ 30% | 0% ~ 30% | 100% | |
| Total carrying amount | \$ 349,235 | \$ 24,354 | \$ 12 | \$ 9 | \$ - | \$ 373,610 |
| Loss allowance | \$ 495 | \$ 1,830 | \$ 2 | \$ 3 | \$ - | \$ 1,988 |
| | Not past due | Within 30 days | 31–90 days | Over 91 days | Individual assessment | Total |
| <u>December 31, 2023</u> | | | | | | |
| Expected loss rate | 0% ~ 1% | 0% ~ 1% | 0% ~ 4% | 0% ~ 30% | 100% | |
| Total carrying amount | \$ 436,434 | \$ 9,554 | \$ 6,942 | \$ 139 | \$ - | \$ 453,069 |
| Loss allowance | \$ 129 | \$ 682 | \$ 1,171 | \$ 6 | \$ - | \$ 1,988 |
| | Not past due | Within 30 days | 31–90 days | Over 91 days | Individual assessment | Total |
| <u>June 30 , 2023</u> | | | | | | |
| Expected loss rate | 0% ~ 1% | 0% ~ 1% | 0% ~ 4% | 0% ~ 30% | 100% | |
| Total carrying amount | \$ 453,535 | \$ 2,260 | \$ 1,172 | \$ 2 | \$ - | \$ 468,572 |
| Loss allowance | \$ 794 | \$ 153 | \$ 307 | \$ 1 | \$ 8 | \$ 24,038 |

ix. The table of the changes in the Group's simplified loss allowance for accounts receivable is as follows:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| | Accounts receivable | Accounts receivable |
| January 1 | \$ 1,988 | \$ 24,038 |
| Amounts written off due to irrecoverability | - | (22,050) |
| June 30 | <u>\$ 1,988</u> | <u>\$ 1,988</u> |

(c) Liquidity risk

- i. The cash flow forecast is executed by each operating entity in the Group and is compiled by the Group's finance department. The Group's finance department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet operational needs, and maintains sufficient available credit limits at all times so that the Group does not violate the relevant borrowing limits or terms. The forecast considers the Group's debt financing plan, compliance with debt terms, compliance with the financial ratio targets of the internal balance sheet, and the requirements of external regulatory laws.
- ii. As of June 30, 2024, December 31, 2023 and March 31, 2023, the Group's available credit limit was \$509,275, \$507,331 and \$509,791, respectively.
- iii. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities that are settled on a net or total basis, grouped according to the relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are the undiscounted amounts.

| June 30,2024 | Within 1 year | Within 1–5 years | Over 5 years | Total |
|--|---------------|---------------------|-----------------|---------|
| <u>Non-derivative financial liabilities:</u> | | | | |
| Notes payable | \$ 756 | \$ - | \$ - | \$ 756 |
| Accounts payable | 264,627 | - | - | 264,627 |
| Other payables | 51,967 | - | - | 51,967 |
| Lease liabilities | 4,180 | 3,011 | - | 7,191 |
| Deposit received | 397 | - | - | 397 |
| December 31, 2023 | Within 1 year | Within 1–5 years | Over 5 years | Total |
| <u>Non-derivative financial liabilities:</u> | | | | |
| Notes payable | \$ 720 | \$ - | \$ - | \$ 720 |
| Accounts payable | 296,293 | - | - | 296,293 |
| Other payables | 78,234 | - | - | 78,234 |
| Lease liabilities | 4,612 | 4,877 | - | 9,489 |
| Deposit received | 397 | - | - | 397 |
| June 30,2023 | Within 1 year | Within 1–5 years | Over 5 years | Total |
| <u>Non-derivative financial liabilities:</u> | | | | |
| Notes payable | \$ 621 | \$ - | \$ - | \$ 621 |
| Accounts payable | 201,505 | - | - | 201,505 |
| Other payables | 53,753 | - | - | 53,753 |
| Lease liabilities | 5, 569 | 7,191 | - | 12,760 |
| Deposit received | 873 | - | - | 873 |

(3) Fair value information

A. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the stocks listed on an exchange or over-the-counter market, invested in by the Group, belongs to this level.
- Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.
- Level 3: Unobservable inputs for assets or liabilities. The Group's equity instrument investments without active markets belong to this level.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, and other payables are reasonable approximations of the fair values.

C. Financial and non-financial instruments measured at fair value are classified by the Group based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:

(a) The Group's classification is based on the nature of assets and liabilities. The relevant information is as follows:

| June 30, 2024 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets (equity securities) at fair value through other comprehensive income | \$ - | \$ - | \$ 34,370 | \$ 34,370 |
| December 31, 2023 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets (equity securities) at fair value through other comprehensive income | \$ - | \$ - | \$ 32,524 | \$ 32,524 |
| June 30, 2023 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets (equity securities) at fair value through other comprehensive income | \$ - | \$ - | \$ 32,984 | \$ 32,984 |

(b) The methods and assumptions used by the Group to measure fair value are as follows:

i. The Group has used quoted market prices as fair value inputs (i.e., Level 1), listed below by the characteristics of instruments:

TWSE/TPEX listed
stocks

Quoted market price Closing price

ii. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Group refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the consolidated balance sheet date (e.g. the yield curve published by Taipei Exchange and the average quoted price of Reuters commercial paper benchmark).

iii. When evaluating non-standard and less complex financial instruments, such as debt instruments, interest rate swap contracts, foreign exchange swap contracts, and options, all without active markets, the Group adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually information observable in the market.

- iv. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and relevant control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.
- v. The Group incorporates credit risk valuation adjustments into the calculation of the fair value of financial instruments and non-financial instruments to reflect a counterparty's credit risk and the credit quality of the Group.

- D. There were no transfers between Level 1 and Level 2 fair value in January 1 to June 30, 2024 and 2023.
- E. The table below shows the changes in Level 3 fair value in January 1 to June 30, 2024 and 2023:

| | 2024 | 2023 |
|----------------------|--------------------|--------------------|
| | Equity instruments | Equity instruments |
| January 1 | \$ 32,524 | \$ 32,530 |
| Exchange rate effect | 1,846 | (276) |
| March 31 | \$ 33,894 | \$ 32,254 |

- F. In the Group's valuation process for fair value classified as Level 3, the investment department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, conducting back-testing, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable.
- G. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

| | March 31, 2024 Fair value | Valuation technique | Significant unobservable inputs | Interval (weighted average) | Relation between input and fair value |
|---|------------------------------|--|---------------------------------------|-----------------------------------|--|
| Non-derivative equity instruments: Unlisted stock | \$ 34,370 | Comparable public company approach | Market multiples | 20.78% | The higher the multiple, the higher the fair value. |
| | | | Liquidity discount | 35.00% | The higher the discount, the lower the fair |

| | December 31, 2023 Fair value | Valuation technique | Significant unobservable inputs | Interval (weighted average) | value. Relation between input and fair value |
|---|------------------------------------|--|---------------------------------------|-----------------------------------|--|
| Non-derivative equity instruments: Unlisted stock | \$ 32,524 | Comparable public company approach | Market multiples | 20.78% | The higher the multiple, the higher the fair value. |
| | | | Liquidity discount | 35.00% | The higher the discount, the lower the fair value. |
| | March 31,2023 Fair value | Valuation technique | Significant unobservable inputs | Interval (weighted average) | Relation between input and fair value |
| Non-derivative equity instruments: Unlisted stock | \$ 32,984 | Comparable public company approach | Market multiples | 18.37% | The higher the multiple, the higher the fair value. |
| | | | Liquidity discount | 35.00% | The higher the discount, the lower the fair value. |

H. The Group has selected the valuation model and valuation parameters after careful evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets and financial liabilities classified as Level 3, if the valuation parameters change, the effect on the current profit and loss or other comprehensive income is as follows:

| | | June 30, 2024 | | | | | |
|--------------------|---|-------------------|------------------|------------------------------|------------------|---|--|
| | | | | Recognized in profit or loss | | Recognition in other comprehensive income | |
| | Input | Change | Favorable change | Adverse change | Favorable change | Adverse change | |
| Financial assets | | | | | | | |
| Equity instruments | Discounts and market multiples for lack of market liquidity | ±1% | \$ - | \$ - | \$ 344 | (\$ 344) | |
| | | December 31, 2022 | | | | | |
| | | | | Recognized in profit or loss | | Recognition in other comprehensive income | |
| | Input | Change | Favorable change | Adverse change | Favorable change | Adverse change | |
| Financial assets | | | | | | | |
| Equity instruments | Discounts and market multiples for lack of market liquidity | ±1% | \$ - | \$ - | \$ 325 | (\$ 325) | |
| | | June 30, 2022 | | | | | |
| | | | | Recognized in profit or loss | | Recognition in other comprehensive income | |
| | Input | Change | Favorable change | Adverse change | Favorable change | Adverse change | |
| Financial assets | | | | | | | |
| Equity instruments | Discounts and market multiples | ±1% | \$ - | \$ - | \$ 330 | (\$ 330) | |

for lack of
market liquidity

13. Additional Disclosures

(1) Information on material transactions

- A. Funds lent to others: None.
- B. Endorsements/guarantees provided to others: None .
- C. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Please refer to Table 1.
- D. Marketable securities acquired or sold amounting to at least NT\$300 million or 20% of the paid-in capital: None .
- E. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None .
- F. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None .
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None .
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None .
- I. Trading in derivative instruments: None .
- J. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Table 2.

(2) Information related to reinvested enterprises

Information on names and locations of investees (excluding investees in China): Please refer to Table 3.

(3) Information on Investment in China

- A. Basic information: Please refer to Table 4.
- B. Significant transactions with investees in China, either directly or indirectly, through a business in a third region: None .

(4) Information on major shareholders

Information on major shareholders: Please refer to Table 5.

14. Segment Information

(1) General information

The management of the Group has identified the segments to be reported based on the

information to be reported used by the board of directors in making decisions. The Group's board of directors adopts the overall financial information and financial ratios of the Group as indicators for performance evaluation. Therefore, the Group has been identified as a single segment to be reported.

(2) Measurement of segment information

The accounting policies for the business segment of the Group are the same as the summary of significant accounting policies described in Note 4. The chief operating decision-maker of the Group evaluates the performance of the business segment based on the business segment's revenue achievement rate and net operating income achievement rate.

(3) Information on profit or loss, assets and liabilities of the segment and reconciliation information

As the Group's information on profit or loss, assets, and liabilities of the segment is consistent with that in the main financial report, and it is a single segment to be reported, no reconciliation is required.

Information Technology Total Services Co., Ltd.
 Marketable Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures)
 June 30, 2024

Unit: NTD thousand
 (Unless otherwise specified)

Table 1

| Holder | Type and Name of Marketable Securities (Note 1) | Relationship with Issuer of Marketable Securities (Note 2) | Financial Statement Account | End of Period | | | Remarks (Note 4) | |
|--|--|---|--|------------------|-------------------------|-------------------------|---------------------|------------|
| | | | | Number of shares | Book amount (Note 3) | Shareholding percentage | | Fair value |
| Information Technology Total Services Co., Ltd. | Dynacomware Corporation | N/A | Financial asset at fair value through other comprehensive income – non-current | 31 | \$ 47 | 1.43% | \$ 47 | Note 4 |
| Information Technology Total Service (BVI) Co., Ltd. | Live ABC Interactive Corporation | N/A | Financial asset at fair value through other comprehensive income – non-current | 3,238 | 34,323 | 14.58% | 34,323 | Note 4 |

Note 1: The marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 “Financial Instruments.”

Note 2: If the issuer of marketable securities is not a related party, this column may be skipped.

Note 3: For those measured at fair value, please fill in the carrying amount after fair value valuation adjustment and deduction of accumulated impairment losses in the box of carrying amount; for those not measured at fair value, please fill in the original acquisition cost or amortized cost less accumulated impairment losses in the box of carrying amount.

Note 4: None of the above-mentioned marketable securities are pledged.

Information Technology Total Services Co., Ltd.
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts
January 1 to June 30, 2024

Unit: NTD thousand
(Unless otherwise specified)

Table 2

| No. (Note 1) | Name of Transaction Party | Counterparty | Relationship with the counterparty | Transaction Status | | | Percentage in total consolidated revenue or assets (Note 3) |
|-----------------|---|-----------------------------|------------------------------------|--------------------|-----------|------------------------|--|
| | | | | Account | Amount | Transaction Conditions | |
| 0 | Information Technology Total Services Co., Ltd. | Unison Service Corporation | Parent to subsidiary | Service costs | \$ 44,605 | Note 4 | 7.25% |
| 0 | Information Technology Total Services Co., Ltd. | Universal Mail Service Ltd. | Parent to subsidiary | cost of goods sold | \$ 43,604 | Note 4 | 7.09% |
| | Information Technology Total Services Co., Ltd. | Universal Mail Service Ltd. | Parent to subsidiary | Service costs | \$ 5,085 | Note 4 | 0.83% |

Note 1: The information on transactions between the parent company and its subsidiaries shall be indicated in the No. column as follows:

(1) The parent company is coded "0."

(2) The subsidiaries are coded sequentially beginning from "1" for each individual company.

Note 2: There are three types of relationships with transaction parties, indicating the types is sufficient (if it is a transaction between a parent and subsidiary or between subsidiaries, there is no need for redundant disclosure. For example: if the parent company has disclosed transactions with a subsidiary, then there is no need for the subsidiary to disclose the same transaction separately; in the case of transactions between subsidiaries, if one subsidiary has disclosed the transaction, the other subsidiary does not need to disclose it again):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note 3: Regarding the transaction amount as a percentage of the total consolidated revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the total consolidated assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the total consolidated revenue.

Note 4: There are no comparable transactions of the same type, and the price is handled according to the method agreed upon between both parties, and the payment term is open account with net 90 days. Service costs refer to the labor support, packaging and printing, telecommunications costs, and freight costs required for operations. There are no comparable transactions of the same type. The transaction price and payment terms are determined by the negotiation between both parties.

Information Technology Total Services Co., Ltd.
Information on Names and Locations of Investees (Excluding Investees in China)
January 1 to June 30, 2024

Table 3

Unit: NTD thousand
(Unless otherwise specified)

| Name of investor | Name of Investee (Notes 1 and 2) | Address | Principal business | Original investment cost | | Holdings at End of Period | | | Current Profit or Loss on Investee | | Investment Gains or Losses Recognized for Current Period | Remarks |
|---|--|------------------------|---|---------------------------|------------------|---------------------------|------------|-----------------|------------------------------------|----------|--|---------|
| | | | | End of the Current Period | End of Last Year | Number of shares | Percentage | Carrying amount | | | | |
| Information Technology Total Services Co., Ltd. | Tension Envelope Taiwan Corporation | Taiwan | Envelope production and paper trading business | \$ 25,000 | \$ 25,000 | 2,500 | 50.00% | \$ 44,087 | \$ 4,637 | \$ 2,318 | Note 1 | |
| Information Technology Total Services Co., Ltd. | Universal Mail Service Ltd. | Taiwan | Postal information integration and bill printing outsourcing services | 15,600 | 15,600 | 1,560 | 100.00% | 27,402 | 6,052 | 6,105 | Note 1 and 4 | |
| Information Technology Total Services Co., Ltd. | Unison Service Corporation | Taiwan | Customer relationship management services and consulting services for customer service center establishment | 17,000 | 17,000 | 1,700 | 100.00% | 21,950 | 3,280 | 3,280 | Note 1 | |
| Information Technology Total Services Co., Ltd. | Information Technology Total Service (BVI) Co., Ltd. | British Virgin Islands | Investment holding company | 48,424 | 48,424 | 1,541 | 100.00% | 90,410 | 5,123 | 5,123 | Notes 1, 2, and 3 | |
| Information Technology Total Services Co., Ltd. | An-Hui Information Technology Co., Ltd. | Taiwan | Manufacture of computers and peripherals, retail, and other consulting services | 3,000 | 3,000 | 300 | 15.00% | 3,197 | (1,149) | (172) | A | |

Note 1: Investee recognized under the equity method.

Note 2: The original currency of the original investment amount of Information Technology Total Service (BVI) Co., Ltd. was US\$1,541 thousand.

Note 3: As of the current period, Information Technology Total Service (BVI) Co., Ltd. has repatriated investment income of US\$800 thousand.

Note 4: In this period, the recognized investment gains and losses exclude an unrealized sales profit of \$92 from contra-flow transactions.

Information Technology Total Services Co., Ltd.
Information on Investments in China – Basic Information
January 1 to June, 2024

Table 4

Unit: NTD thousand
(Unless otherwise specified)

| Name of Investee in China | Principal business | Paid-in Capital | Investment Method (Note 1) | Accumulated Investment Remitted from Taiwan, Beginning of Period | Amount of Investment Remitted or Recovered in Current Period | | Accumulated Investment Remitted from Taiwan, End of Period | Current Profit or Loss on Investee | Percentage of Ownership in Direct or Indirect Investment | Investment Gains (Losses) Recognized for Current Period (Note 2) | Book Amount of Investment, End of Period | Accumulated Repatriation of Investment Income as of End of Period | Remarks |
|---|--|-----------------|----------------------------|--|--|-------------|--|------------------------------------|--|--|--|---|---------|
| | | | | | Outward Remitted | Repatriated | | | | | | | |
| Information Technology (WUXI) Co., Ltd. | ERP establishment, system maintenance, and information equipment procurement | \$ 10,167 | 2 | \$10,167 (USD\$300) | \$ - | \$ - | \$10,167 (USD\$300) | \$ 1,777 | 100.00% | \$ 1,777 | \$ 36,746 | \$ - | |

Note 1: Investment methods are divided into the following three types, simply enter the code:

(1) Direct investment in China

(2) Indirect investment in China through a business in a third region (Information Technology Total Service (BVI) Co., Ltd.)

Note 2: Profit or loss is recognized in the financial statements audited by the accountants appointed by the parent company in Taiwan.

Note 3: The relevant figures in this table shall be presented in New Taiwan dollars.

| Company name | Accumulated Outward Remittance for Investment in China, End of Period | Investment Amount Authorized by Investment Commission, MOEA | Limit on Investment Amount Stipulated by Investment Commission, MOEA |
|---|---|---|--|
| | | | |
| Information Technology Total Services Co., Ltd. | \$10,167 (USD\$300) | \$10,167 (USD\$300) | \$ 337,897 |

Note 4: Relevant figures in this table shall be presented in New Taiwan dollars. For accounts of assets and liabilities: RMB is calculated at an exchange rate of RMB 1 to NT\$4.415; USD is calculated at an exchange rate of USD\$1 to NT\$32.27. For the profit or loss account: RMB is calculated at an exchange rate of RMB 1 to NT\$4.3939; USD is calculated at an exchange rate of USD 1 to NT\$30.9281.

Note 5: According to the amendment to regulations made by the Department of Investment Review, MOEA per the Audit No. 09704604680 dated August 29, 2008, the limit on the cumulative amount of investment in mainland China is the net value or 60% of the combined net value, whichever is higher.

Information Technology Total Services Co., Ltd.

Information on major shareholders

June 30, 2024

Table 5

| Name of major shareholder | Shares | |
|---------------------------------------|--------------------------------------|-------------------------|
| | Number of Shares Held (Unit: Shares) | Shareholding percentage |
| TECO Electric and Machinery Co., Ltd. | 11,467,248 | 41.97% |
| Advantech Co., Ltd. | 3,676,273 | 14.45% |
| Tong-An Investment Co., Ltd. | 1,841,250 | 6.73% |