

Information Technology Total Services Co., Ltd.  
and Subsidiaries  
Consolidated Financial Statement and  
Independent Auditors' Review Report For The  
Three Months Ended March 31, 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 March 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 March 31, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the three months ended

March 31, 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.

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Ping-Chun Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

May 6, 2024

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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

MARCH 31, 2024 AND DECEMBER 31 2023 AND MARCH 31 2023

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of March 31, 2024 and 2023 are reviewed, not audited)

Assets	Note	March 31, 2024		December 31, 2023		March 31, 2023		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalent	6(1)	\$ 394,441	36	\$ 306,754	30	\$ 281,958	29
1136	Financial assets measured at amortized cost – current	6(3)and 8					918	-
1140	Contract assets – current	6(16)	1,450	-	1,126	-	35,969	4
1150	Notes receivable, net	6(4)	90,080	8	89,442	9	6,048	1
1160	Notes receivable – related parties, net	7	7,338	1	6,362	1	444	-
1170	Accounts receivable, net	6(4)	-	-	-	-	279,782	29
1180	Accounts receivable - related parties, net	7	297,427	27	271,596	27	61,354	6
1200	Other receivables		60,103	5	74,760	7	8,774	1
1210	Other receivables – related parties	7	5,639	1	5,332	1	-	-
130X	Inventories	6(5)	9,108	1	2,661	-	6,973	1
1410	Prepayments		21,605	2	16,701	2	37,433	4
1470	Other current assets		376	-	79	-	343	-
11XX	<b>Total current assets</b>		<u>887,567</u>	<u>81</u>	<u>774,813</u>	<u>77</u>	<u>719,996</u>	<u>75</u>
<b>Non-current assets</b>								
1517	Financial assets at fair value through other comprehensive profit or loss - non-current	6(2)	33,894	3	32,524	4	32,254	3
1535	Financial assets measured at amortized cost – non-current	6(3)and 8	-	-	246	-	357	-
1550	Investment using equity method	6(6)	45,640	4	45,137	4	47,410	5
1600	Property, plant, and equipment	6(7)	30,475	3	31,910	3	31,870	3
1755	Right-of-use assets	6(8)and 8	8,111	1	9,243	1	14,019	2
1780	Intangible assets		555	-	888	-	1,010	-
1840	Deferred income tax assets	6(23)	1,303	-	1,334	-	6,036	1
1920	Refundable deposits		8,934	1	8,890	1	7,922	1
1930	Long-term notes and accounts receivable	6(9)	69,240	6	98,363	10	96,906	10
1990	Other non-current assets – others		10,335	1	8,197	1	248	-
15XX	<b>Total non-current assets</b>		<u>208,487</u>	<u>19</u>	<u>236,732</u>	<u>23</u>	<u>238,032</u>	<u>25</u>
1XXX	<b>Total non-current assets</b>		<u>\$ 1,096,054</u>	<u>100</u>	<u>\$ 1,011,545</u>	<u>100</u>	<u>\$ 958,028</u>	<u>100</u>

(Continued on the next page)

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

Liability and equity		Note	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2130	Contract liabilities – current	6(16)	\$ 21,021	2	\$ 24,223	2	\$ 47,851	5
2150	Notes payable		360	-	720	-	891	-
2170	Accounts payable		383,570	35	287,656	28	244,035	25
2180	Accounts payable – related parties	7	3,160	-	8,637	1	4,011	-
2200	Other payables	6(10)	107,488	10	75,853	8	86,460	9
2220	Other payables – related parties	7	3,082	-	2,381	-	2,046	-
2230	Income tax liabilities in the current period	6(23)	11,044	1	7,022	1	14,554	2
2280	Lease liabilities – current		4,419	-	4,612	-	5,808	1
2399	Other current liabilities – others		6,580	1	4,850	1	6,612	1
21XX	<b>Total current liabilities</b>		<u>540,724</u>	<u>49</u>	<u>415,954</u>	<u>41</u>	<u>412,268</u>	<u>43</u>
<b>Total current liabilities</b>								
2570	Deferred income tax liabilities	6(23)	7,528	1	6,884	1	6,265	1
2580	Lease liabilities – non-current		3,923	-	4,877	-	8,455	1
2645	Deposit received		397	-	397	-	880	-
25XX	<b>Total non-current liabilities</b>		<u>11,848</u>	<u>1</u>	<u>12,158</u>	<u>1</u>	<u>15,600</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>552,572</u>	<u>50</u>	<u>428,112</u>	<u>42</u>	<u>427,868</u>	<u>45</u>
<b>Equity</b>								
<b>Equity attributable to owners of the parent company</b>								
Share capital								
3110	Common shares	6(12)	273,234	25	273,234	27	273,234	28
Capital surplus								
3200	Capital surplus	6(13)	158,042	15	158,042	16	158,042	16
Retained earnings								
3310	Legal Reserve	6(14)	53,949	5	53,949	5	48,340	5
3320	Special reserves		1,042	-	1,042	-	5,484	1
3350	Undistributed Earnings		56,724	5	98,794	10	46,239	5
Other equity								
3400	Other equity	6(15)	( 491)	-	( 1,628)	-	( 1,179)	-
31XX	<b>Total equity attributable to owners of the parent company</b>		<u>543,482</u>	<u>50</u>	<u>583,433</u>	<u>58</u>	<u>530,160</u>	<u>55</u>
3XXX	<b>Total equity</b>		<u>543,482</u>	<u>50</u>	<u>583,433</u>	<u>58</u>	<u>530,160</u>	<u>55</u>
Material contingent liabilities and unrecognized contractual commitments								
3X2X	<b>Total liabilities and equity</b>	9	<u>\$ 1,096,054</u>	<u>100</u>	<u>\$ 1,011,545</u>	<u>100</u>	<u>\$ 958,028</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 THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)  
(UNAUDITED)

Item	Note	For the three-month periods ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000 Operating Revenue	6(16)and7	\$ 364,329	100	\$ 400,665	100
5000 Operating costs	6(5)(11)		87		
	(21)(22)and7	( 318,654)	( )	( 350,090)	( 88)
5950 Gross profit, net		<u>45,675</u>	<u>13</u>	<u>50,575</u>	<u>12</u>
Operating expenses	6(11)(21)				
	(22)and7				
6100 Selling expenses		( 3,292)	( 1)	( 4,272)	( 1)
6200 Administrative expenses		( 19,442)	( 5)	( 21,067)	( 5)
6300 R&D expense		( 2,221)	( 1)	( 1,766)	( 1)
6000 Total operating expenses		( 24,955)	( 7)	( 27,105)	( 7)
6900 Operating profits		<u>20,720</u>	<u>6</u>	<u>23,470</u>	<u>5</u>
Non-operating income and expense					
7100 Interest revenue	6(17)	763	-	162	-
7010 Other revenue	6(2)(18)	279	-	79	-
7020 Other gains and losses	6(19)	162	-	56	-
7050 Financial costs	6(8)(20)	( 37)	-	( 101)	-
7060 Share of profit or loss on associates and joint ventures accounted for using the equity method	6(6)	503	-	1,121	-
7000 Total non-operating income and expenses		<u>1,670</u>	<u>-</u>	<u>1,317</u>	<u>-</u>
7900 Profit before tax		<u>22,390</u>	<u>6</u>	<u>24,787</u>	<u>5</u>
7950 Income tax expense	6(23)	( 4,349)	( 1)	( 4,351)	( 1)
8200 Current net income		<u>\$ 18,041</u>	<u>5</u>	<u>\$ 20,436</u>	<u>4</u>
<b>Other net consolidated incomes</b>					
<b>Items possibly reclassified to profits and losses later</b>					
8361 Difference in exchange from the conversion of financial statements of overseas operating entities	6(15)	\$ 2,649	1	( \$ 171)	-
8399 Income tax related to items likely to be reclassified	6(23)	( \$ 530)	-	34	-
8300 Other net consolidated incomes		<u>\$ 2,119</u>	<u>1</u>	<u>( \$ 137)</u>	<u>-</u>
8500 Current total comprehensive income		<u>\$ 20,160</u>	<u>6</u>	<u>\$ 20,299</u>	<u>5</u>
Net profit attributable to:					
8610 Parent company shareholders		<u>\$ 18,041</u>	<u>5</u>	<u>\$ 20,436</u>	<u>5</u>
Total comprehensive income attributable to:					
8710 the owner of parent company		<u>\$ 20,160</u>	<u>6</u>	<u>\$ 20,299</u>	<u>5</u>
Earnings per share	6(24)				
9750 Basic earnings per share		<u>\$ 0.66</u>	<u>0.66</u>	<u>\$ 0.75</u>	<u>0.75</u>
9850 Diluted earnings per share		<u>\$ 0.66</u>	<u>0.66</u>	<u>\$ 0.74</u>	<u>0.74</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  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Equity attributable to owners of the parent company					Exchange differences on translation of financial statements of foreign operations	Total
		Common shares	Capital surplus- additional paid-in capital	Legal reserve	Special reserves	Undistributed Earnings		
<u>For the three-month period ended March 31, 2023</u>								
<b>Balance at January 1, 2023</b>		\$ 273,234	\$ 158,042	\$ 48,340	\$ 5,484	\$ 69,520	(\$ 1,042 )	\$ 553,578
Current net income		-	-	-	-	20,436	-	20,436
Current other comprehensive income	6(16)	-	-	-	-	-	( 137 )	( 137 )
Current total comprehensive income		-	-	-	-	20,436	( 137 )	20,299
2022 earnings allocation and appropriation								
Distribution of cash dividends	6(15)	-	-	-	-	( 43,717 )	-	( 43,717 )
<b>Balance at March 31, 2023</b>		<u>\$ 273,234</u>	<u>\$ 158,042</u>	<u>\$ 48,340</u>	<u>\$ 5,484</u>	<u>\$ 46,239</u>	<u>(\$ 1,179 )</u>	<u>\$ 530,160</u>
<u>For the three-month period ended March 31, 2024</u>								
<b>Balance at January 1, 2024</b>		\$ 273,234	\$ 158,042	\$ 53,949	\$ 1,042	\$ 98,794	(\$ 1,628 )	\$ 583,433
Current net income		-	-	-	-	18,041	-	18,041
Current other comprehensive income	6(16)	-	-	-	-	-	2,119	2,119
Current total comprehensive income		-	-	-	-	18,041	2,119	20,160
2023 earnings allocation and appropriation								
Distribution of cash dividends	6(15)	-	-	-	-	( 60,111 )	-	( 60,111 )
<b>Balance at March 31, 2024</b>		<u>\$ 273,234</u>	<u>\$ 158,042</u>	<u>\$ 53,949</u>	<u>\$ 1,042</u>	<u>\$ 56,724</u>	<u>\$ 491</u>	<u>\$ 543,482</u>

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 THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	For the three-month periods ended March 31	
		2024	2023
<u>Cash flow of operating activities</u>			
Net profit before tax this term		\$ 22,390	\$ 24,787
Adjustments			
Income, expense, and loss			
Depreciation expenses	6(7) and (8)	3,041	3,423
Amortization expenses		333	181
Interest expenses	6(20)	37	101
Interest revenue	6(17)	( 763 )	( 162 )
Share of profit on associates and joint ventures accounted for the using equity method	6(6)	( 503 )	( 1,121 )
Gains on disposal of property, plant, and equipment	6(19)	-	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Contract assets – current		( 638 )	( 734 )
Notes receivable, net		( 976 )	( 4,391 )
Notes receivable – related parties, net		-	( 3 )
Accounts receivable		( 25,831 )	14,106
Accounts receivable - related parties, net		14,657	9,863
Other receivables		( 307 )	( 2,744 )
Other receivables – related parties		-	61
Inventories		( 6,447 )	966
Prepayments		( 4,904 )	( 12,964 )
Other current assets – others		( 297 )	( 237 )
Net changes in liabilities related to operating activities			
Contract liabilities – current		( 3,202 )	33,218
Notes payable		360	-
Accounts payable		95,914	56,425
Accounts payable – related parties		( 5,477 )	( 4,330 )
Other payables		( 25,332 )	( 28,720 )
Other payables – related parties		701	( 1,041 )
Other current liabilities – others		1,730	( 6,674 )
Cash inflow from operations		63,766	80,010
Interest received		763	162
Interest paid		( 37 )	( 101 )
Income tax paid		( 181 )	( 130 )
Net cash inflow from operating activities		64,311	79,941

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Cash flow of Investment activities

Cash paid for purchase of property, plant, and equipment	6(25)	( \$ 3,607 )	( \$ 1,216 )
Acquisition of financial assets measured at amortized cost		( 78 )	( 163 )
Decrease in long-term notes and accounts receivable		29,123	33,189
"Other non-current assets - other increases"		( 2,138 )	-
Increase in refundable deposit		( 44 )	( 15 )
Net cash inflow from investing activities		<u>23,256</u>	<u>31,795</u>

Cash flow of fund-raising activities

Increase in guarantee received	6(26)	-	137
Repayment of lease principal	6(26)	( 1,147 )	( 1,498 )
Net cash outflow from financing activities		( 1,147 )	( 1,361 )
Exchange rate effect		<u>1,267</u>	<u>91</u>
Increase in cash and cash equivalents in the current period		87,687	110,466
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>\$ 394,441</u>	<u>\$ 281,958</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  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022  
(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 May 6, 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

None.

(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 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
Amendments to IAS 21 “Lack of liquidity.”	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.

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
			March 31,2024	December 31, 2023	March 31,2023	
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

	March 31,2024	December 31, 2023	March 31,2023
Cash on hand and working capital	\$ 270	\$ 277	\$ 250
Check deposit and demand deposit	394,171	306,477	281,708
Total	<u>\$ 394,441</u>	<u>\$ 306,754</u>	<u>\$ 281,958</u>

- 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 March 31, 2024 and December 31, 2023 and March 31,2023, the Group provided restricted cash and cash equivalents as performance bonds, amounting to \$ 1,450 and \$ 1,372 and \$ 1,275 , 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	March 31,2024	December 31, 2023	March 31,2023
Non-current items:			
Unlisted stocks	<u>\$ 33,894</u>	<u>\$ 32,524</u>	<u>\$ 32,254</u>

- 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 March 31, 2024 and December 31, 2023 and March 31,2023, were \$ 33,894 and \$32,524 and \$32,254, 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 March 31, 2023 and for the year 2024 was \$0.
- C. As of March 31, 2024 and December 31, 2023 and March 31,2023, 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 \$33,894, \$32,524 and \$32,524, 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	March 31,2024	December 31, 2023	March 31,2023
Current item:			
Time deposits	\$ 605	\$ 605	\$ 605
Performance bond	845	521	313
Total	<u>\$ 1,450</u>	<u>\$ 1,126</u>	<u>\$ 918</u>
Non-current items:			
Performance bond	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 357</u>

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

	From January 1 to March 31	
	2023	2022
Interest revenue	<u>\$ 2</u>	<u>\$ 2</u>

- B. As of March 31, 2024 and December 31, 2023 and March 31,2023, 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 \$1,450 and \$1,372 and \$1,275, 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

	March 31,2024	December 31, 2023	March 31,2023
Notes receivable	<u>\$ 7,338</u>	<u>\$ 6,362</u>	<u>\$ 6,048</u>
Accounts receivable	\$ 299,415	\$ 273,584	\$ 303,820
Less: Allowance loss	( 1,988)	( 1,988)	( 24,038)
	<u>\$ 297,427</u>	<u>\$ 271,596</u>	<u>\$ 279,782</u>

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

	March 31,2024	December 31, 2023	March 31,2023
Not past due	\$ 239,850	\$ 266,300	\$ 285,712
Within 30 days	59,891	6,884	1,844
31–90 days	7,003	6,757	262
91–180 days	9	5	22,050
181 and above	-	-	-
	<u>\$ 306,753</u>	<u>\$ 279,946</u>	<u>\$ 309,868</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 March 31, 2024 and December 31, 2023 and March 31,2023 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 March 31, 2024 and December 31, 2023 and March 31,2023, 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 \$ 7,338 、 \$ 6,362 and \$ 6,048, respectively; the maximum amount of the exposure to the credit risk arising from the Group’s accounts receivable was in the amount of \$ 297,427, \$ 271,596 and \$ 279,782, respectively
- D. Please refer to Note 12(2) for detailed information on the credit risk of accounts and notes receivable.

(5) Inventories

	March 31,2024		
	Costs	Allowance for valuation loss	Carrying amount
Merchandise inventory	\$ 2,526	\$ -	\$ 2,526
Software and hardware costs and consumables for projects	9,347	( 2,765)	6,582
	<u>\$ 11,873</u>	<u>(\$ 2,765)</u>	<u>\$ 9,108</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>
	March 31,2023		
	Costs	Allowance for valuation loss	Carrying amount
Merchandise inventory	\$ 620	\$ -	\$ 620
Software and hardware costs and consumables for projects	9,118	( 2,765)	6,353
	<u>\$ 9,738</u>	<u>(\$ 2,765)</u>	<u>\$ 6,973</u>

The cost of inventories and consumables sold by the Group for the periods from January 1 to March 31, 2024 and 2023, were \$58,037, and \$62,482, respectively.

(6) Prepayments

	March 31,2024	December 31, 2023	March 31,2023
Prepaid maintenance fee	\$ 2,408	\$ 3,066	\$ 5,048
Other prepaid expenses	19,197	13,635	32,385
	<u>\$ 21,605</u>	<u>\$ 16,701</u>	<u>\$ 37,433</u>

(7) Investment using equity method

	March 31,2024	December 31, 2023	March 31,2023
Tension Envelope Taiwan Corporation	\$ 42,365	\$ 41,768	\$ 43,880
An-Hui Information Technology Co., Ltd.	3,275	3,369	3,530
	<u>\$ 45,640</u>	<u>\$ 45,137</u>	<u>\$ 47,410</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	Measure ment method
		March 31,2024	December 31, 2023	March 31,2023		
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 March 31,2024 and December 31 2023 and March 31,2023, the carrying amounts of the Group’s associates that are individually immaterial were \$45,640, \$45,137, \$47,410, respectively.

	From January 1 to March 31	
	2023	2022
Net profit (loss) from continuing operations in the current period	\$ 569	\$ 1,613
Other comprehensive income (net of tax)	-	-
Current total comprehensive income	<u>\$ 569</u>	<u>\$ 1,613</u>



(8) Property, plant, and equipment

	Machinery and equipment	Office equipment	Leasehold improvements	Others	Total
January 1, 2024					
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, 2024	\$ 22,945	\$ 3,055	\$ 5,776	\$ 134	\$ 31,910
Additions	100	363	-	-	463
Depreciation expenses	( 996)	( 412)	( 486)	( 15)	( 1,909)
Net exchange difference	-	8	-	3	11
March 31, 2024	<u>\$ 22,049</u>	<u>\$ 3,014</u>	<u>\$ 5,290</u>	<u>\$ 122</u>	<u>\$ 30,475</u>
March 31, 2024					
Costs	\$ 59,425	\$ 12,859	\$ 12,757	\$ 984	\$ 86,025
Accumulated depreciation and impairment	( 37,376)	( 9,845)	( 7,467)	( 862)	( 55,550)
	<u>\$ 22,049</u>	<u>\$ 3,014</u>	<u>\$ 5,290</u>	<u>\$ 122</u>	<u>\$ 30,475</u>
	Machinery and equipment	Office equipment	Leasehold improvements	Others	Total
January 1, 2023					
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, 2023	\$ 22,593	\$ 3,626	\$ 6,919	\$ 127	\$ 33,265
Additions	-	136	370	-	506
Depreciation expenses	( 913)	( 464)	( 513)	( 14)	( 1,904)
Net exchange difference	-	2	-	1	3
March 31, 2023	<u>\$ 21,680</u>	<u>\$ 3,300</u>	<u>\$ 6,776</u>	<u>\$ 114</u>	<u>\$ 31,870</u>
March 31, 2023					
Costs	\$ 55,355	\$ 12,231	\$ 12,237	\$ 922	\$ 80,745
Accumulated depreciation and impairment	( 33,675)	( 8,931)	( 5,461)	( 808)	( 48,875)
	<u>\$ 21,680</u>	<u>\$ 3,300</u>	<u>\$ 6,776</u>	<u>\$ 114</u>	<u>\$ 31,870</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:

	March 31,2024	December 31, 2023	March 31,2023
Book amount			
Buildings	\$ 5,627	\$ 6,435	\$ 9,693
Machinery and equipment	2,484	2,808	4,326
	<u>\$ 8,111</u>	<u>\$ 9,243</u>	<u>\$ 14,019</u>

	From January 1 to March 31	
	2024	2023
Depreciation expenses		
Buildings	\$ 808	\$ 1,086
Machinery and equipment	324	434
	<u>\$ 1,132</u>	<u>\$ 1,519</u>

C. The additions of the Group’s right-of-use assets in January 1 to March 31 2024 and 2023 were \$0 and \$ 945, respectively.

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

	From January 1 to March 31	
	2024	2023
<u>Items affecting the current profit or loss</u>		
Interest expense on lease liabilities	\$ 34	\$ 57
Expenses of short-term lease contracts and leases of low-value assets	3,509	2,773

E. The Group’s total cash outflows from leases in January 1 to March 31 2024 and 2023 were \$ 4,690 and \$ 4,328, respectively.

(10)Long-term notes and accounts receivable

	March 31,2024	December 31, 2023	March 31,2023
Long-term accounts receivable	\$ 72,439	\$ 101,719	\$ 101,719
Less: Unrealized interest revenue	( 3,199)	( 3,356)	( 4,813)
Total	<u>\$ 69,240</u>	<u>\$ 98,363</u>	<u>\$ 96,906</u>

A. The expected recovery is as follows:

	March 31,2024	December 31, 2023	March 31,2023
2–5 years	<u>\$ 72,439</u>	<u>\$ 101,719</u>	<u>\$ 101,719</u>

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

(11) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividends payable	\$ 60,111	\$ -	\$ 43,717
Salary payable	18,921	42,767	16,605
Employee compensation and directors' and supervisors' remuneration payable	14,992	14,130	11,372
Labor and health insurance premium and pension payable	5,816	6,544	6,526
Social insurance fund payable	1,070	999	1,120
Business tax payable	645	1,656	-
Service fee payable	360	1,770	1,811
Payables for equipment	312	3,456	388
Expenses payable – others	5,261	4,531	4,921
	<u>\$ 107,488</u>	<u>\$ 75,853</u>	<u>\$ 86,460</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 March 31, 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 March 31,2024 and 2023 were \$ 3,483 and \$ 3,528, respectively.

(13)Share capital

As of March,31,2024, 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 29, 2023, and June 27, 2022, the Company's shareholders' meetings passed the earnings distribution proposal for the year 2022 and 2021 as follows:

	2022		2021	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	\$ 5,609		\$ 7,253	
Special reserve	( 4,442)		1,205	
Cash dividend	43,717	\$ 1.6	54,647	\$ 2.0
Total	\$ 44,884		\$ 63,105	

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
January 1	(\$ 1,628)	(\$ 1,042)
Foreign currency exchange difference	2,119	137
March 31	\$ 491	\$ 1,179

(17) Operating revenue

	From January 1 to March 31	
	2024	2023
Income from customer contracts		
Service revenue	\$ 364,078	\$ 396,839
Sales revenue	251	3,826
Total	\$ 364,329	\$ 400,665

A. Details of revenue from customer contracts

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:

From January 1 to March 31,2024	Information technology outsourcing	Business process outsourcing	Total
Revenue from contracts with external customers	\$ 262,341	\$ 101,988	\$ 364,329
Time point of revenue recognition			
Revenue recognized at a point in time	\$ 162,343	\$ 4,583	\$ 166,926
Revenue recognized gradually over time	99,998	97,405	197,403
	<u>\$ 262,341</u>	<u>\$ 101,988</u>	<u>\$ 364,329</u>
From January 1 to March 31,2023	Information technology outsourcing	Business process outsourcing	Total
Revenue from contracts with external customers	\$ 299,830	\$ 100,835	\$ 400,665
Time point of revenue recognition			
Revenue recognized at a point in time	\$ 205,102	\$ 3,263	\$ 208,365
Revenue recognized gradually over time	94,728	97,572	192,300
	<u>\$ 299,830</u>	<u>\$ 100,835</u>	<u>\$ 400,665</u>

**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:

	March 31,2024	December 31, 2023	March 31,2023	January 1, 2023
Contract assets:				
Information systems				
Consulting agreements	\$ 90,080	\$ 89,442	\$ 35,969	\$ 35,235
Contract liabilities:				
Advance receipts	\$ 21,021	\$ 24,223	\$ 47,851	\$ 14,633

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

	From January 1 to March 31	
	2024	2023
Advance receipts	\$ 4,939	\$ 7,351

(c) Unfulfilled long-term consultancy contract

As of March 31, 2024, December 31, 2023, and March 31, 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 \$44,452, \$47,715 and \$65,387, respectively. The management expects that the transaction prices allocated to the unfulfilled contractual obligations as of March 31, 2024 and 2023, that will be recognized in revenue for the years 2025 and 2024 are \$34,820 and \$38,302, 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

	From January 1 to March 31	
	2024	2023
Bank deposit interest	\$ 754	\$ 156
Interest income measured at amortized cost	2	2
Other interest revenue	7	4
	<u>\$ 763</u>	<u>\$ 162</u>

(19) Other revenue

	From January 1 to March 31	
	2024	2023
Non-operating income	<u>\$ 279</u>	<u>\$ 79</u>

(20) Other gains and losses

	From January 1 to March 31	
	2024	2023
Foreign exchange gain	\$ 165	\$ 59
Miscellaneous expenditures	( 3)	( 3)
	<u>\$ 162</u>	<u>\$ 56</u>

(21) Financial costs

	From January 1 to March 31	
	2024	2023
Interest on leases	\$ 34	\$ 57
Bank loan	-	44
Other financial expenses	3	-
	<u>\$ 37</u>	<u>\$ 101</u>

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

	From January 1 to March 31	
	2024	2024
Salary expenses	\$ 56,504	\$ 60,694
Expenses for labor and health insurance	5,886	6,512
Pension expenses	3,483	3,528
Other employment expenses	3,524	3,426
Depreciation expense for real estate, plants, and equipment	1,909	1,904
Depreciation expense for right-of-use assets	1,132	1,519
Amortization expense for intangible assets	333	181
	<u>\$ 72,771</u>	<u>\$ 77,764</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 January 1 to March 31, 2024 and 2023, were \$1,146 and \$1,377, respectively and the foregoing amounts were accounted for under salary expenses.

According to the profit situation as of the end of January 1 to March 31, 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:



	From January 1 to March 31	
	2024	2024
Current income tax:		
Income tax incurred for the current period	\$ 4,204	\$ 5,517
Income tax overestimates for prior years	-	( 700)
Total current income tax	<u>4,204</u>	<u>4,817</u>
Deferred tax:		
Initial generation and reversal of temporary differences	145	( 466)
Total deferred income tax	<u>145</u>	<u>( 466)</u>
Income tax expense	<u>\$ 4,349</u>	<u>\$ 4,351</u>

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

	From January 1 to March 31	
	2024	2023
Translation differences on foreign operations	<u>(\$ 530)</u>	<u>\$ 34</u>

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

	From January 1 to March 31, 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	\$ 18,041	27,323	<u>\$ 0.66</u>
<u>Diluted earnings per share</u>			
Employee compensation	-	<u>107</u>	
Current net income attributable to ordinary shareholders of the parent company plus potential effect of ordinary shares	<u>\$ 18,041</u>	<u>\$ 27,430</u>	<u>\$ 0.66</u>

	From January 1 to March 31, 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	\$ 20,436	27,323	\$ 0.75
<u>Diluted earnings per share</u>			
Employee compensation	-	131	
Current net profit attributable to ordinary shareholders of the parent company plus the effect of potential ordinary shares	\$ 20,436	27,454	\$ 0.74

(25) Additional information on cash flows

Investing activities with only partial cash payment:

	From January 1 to March 31	
	2024	2023
Purchase of property, plant, and equipment	\$ 463	\$ 506
Add: Payables for equipment, beginning of period	3,456	1,098
Less: Payables for equipment, end of period	( 312)	( 388)
Cash paid in the current period	\$ 3,607	\$ 1,216

(26) Changes in liabilities from financing activities

	January 1, 2024	Changes in cash flows	No effect on changes in cash flows	March 31, 2024
Lease liabilities	\$ 9,489	(\$ 1,147)	\$ -	\$ 8,342
Deposit received	397	-	-	397
Dividends payable	-	-	60,111	60,111
Total liabilities from financing activities	\$ 9,886	(\$ 1,147)	\$ 60,111	\$ 68,850

	January 1, 2023	Changes in cash flows	No effect on changes in cash flows	March 31, 2023
Lease liabilities	\$ 14,816	(\$ 1,498)	\$ 945	\$ 14,263
Deposit received	743	137	-	880
Dividends payable	-	-	43,717	43,717
Total liabilities from financing activities	\$ 15,559	(\$ 1,361)	\$ 44,662	\$ 58,860

## 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 January 1 to March 31	
	2024	2023
Sale of goods:		
Other related parties		
-Wuxi TECO	\$ 64	\$ 114
-Taian Technology(Wuxi)	65	-
-Jiangxi Teco	22	-
- Wuxi Teco Electro Devices	-	148
- Others	2	14
Sale of services:		
Parent company	46,732	43,913
Other related parties		
- Taiwan Pelican Express	8,132	8,882
- TECO Westinghouse	3,881	4,142
- Wuxi Teco	3,511	5,207
- Others	24,435	22,280
Total	<u>\$ 86,844</u>	<u>\$ 84,700</u>

- (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 January 1 to March 31	
	2024	2023
Purchase of materials:		
Other related parties		
-Advantech	\$ 46	\$ -
Associate company		
-Tension Envelope	451	829
Purchase of services:		
Parent company	650	1,759
Other related parties		
- Technical Information International	944	989
- Taiwan Pelican Express	819	851
- Tecnos International	196	342
- Others	33	1,184
Total	<u>\$ 3,139</u>	<u>\$ 5,954</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

	March 31,2024	December 31, 2023	March 31,2023
Notes receivable:			
Other related parties			
– WUXI TECO	\$ -	\$ -	\$ 444
Accounts receivable:			
Parent company	30,787	43,974	31,010
Other related parties			
–TECO Westinghouse	3,741	-	-
–WUXI TECO	1,974	6,330	5,348
–Taiwan Pelican Express	3,912	2,866	4,132
–Teco Image Systems	4,619	3,673	-
–An-Hui Information Technology Co., Ltd.	261	265	3,259
–Tung Pei Industrial	6	-	4,352
– Others	14,803	17,652	13,253
Subtotal	60,103	74,760	61,354
Total	\$ 60,103	\$ 74,760	\$ 61,798

- (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

	March 31,2024	December 31, 2023	March 31,2023
Accounts payable:			
Parent company	\$ 179	\$ 216	\$ 1,147
Other related parties			
–Technical Information International	1,683	6,774	700
–Taiwan Pelican Express	537	699	686
–Tecnos International	181	347	103
– Advantech	-	59	-
– Others	17	9	-
Associates			
– Tension Envelope	563	533	1,375
Subtotal	3,160	8,637	4,011
Other payables – others:			
Parent company	3,082	2,365	1,937
Other related parties			
–Taian Technology	-	-	109

– Others	-	16	-
Subtotal	<u>3,082</u>	<u>2,381</u>	<u>2,046</u>
Total	<u>\$ 6,242</u>	<u>\$ 11,018</u>	<u>\$ 6,057</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 January 1 to March 31	
	2024	2023
Parent company	\$ 1,576	\$ 1,576
Taian Technology	91	61
Total	<u>1,667</u>	<u>1,637</u>

(3) Key management compensation

	From January 1 to March 31	
	2024	2023
Short-term employee benefits	\$ 7,821	\$ 7,905
Benefits after severance/retirement	165	210
Total	<u>\$ 7,986</u>	<u>\$ 8,115</u>

8. Pledged assets

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

Assets	Carrying amount			Purpose of collateral
	March 30,2024	December 31, 2023	September 30,2023	
Financial assets measured at amortized cost - current	\$ 1,450	\$ 1,126	\$ 918	Performance Guarantee Deposit
Financial assets measured at amortized cost - non-current	-	246	357	“
Total	<u>\$ 1,450</u>	<u>\$ 1,372</u>	<u>\$ 1,275</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>March 31,2024</u>	<u>December 31, 2023</u>	<u>March 31,2023</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Investment in designated equity instruments selected	\$ 33,894	\$ 32,524	\$ 32,254
Financial assets measured at amortized cost			
Cash and cash equivalent	394,441	306,754	281,958
Financial assets measured at amortized cost	1,450	1,372	1,275
Notes receivable	7,338	6,362	6,492
Accounts receivable	357,530	346,356	341,136
Other receivables	5,639	5,332	8,774
Refundable deposits	8,934	8,890	7,922
Long-term accounts receivable	69,240	98,363	96,906
	<u>\$ 878,466</u>	<u>\$ 805,953</u>	<u>\$ 776,717</u>

	<u>March 31,2024</u>	<u>December 31, 2023</u>	<u>March 31,2023</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost			
Notes payable	\$ 360	\$ 720	\$ 891
Accounts payable	386,730	296,293	248,046
Other accounts payable	110,570	78,234	88,506
Deposit received	397	397	880
	<u>\$ 498,057</u>	<u>\$ 375,644</u>	<u>\$ 338,323</u>
Lease liabilities	<u>\$ 8,342</u>	<u>\$ 9,489</u>	<u>\$ 14,263</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:



				March 31, 2024		
		Foreign currencies (in thousands)	Exchange rate			Carrying amount (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$ 650	32.00	\$		20,800
<u>Non-monetary items</u>						
	USD:NTD	\$ 1,058	32.00	\$		33,856
				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
				March 31, 2023		
		Foreign currencies (in thousands)	Exchange rate			Carrying amount (NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$ 27	30.45	\$		822
<u>Non-monetary items</u>						
	USD:NTD	\$ 1,058	30.45	\$		32,216
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 March 31, 2024 and 2023 were \$165 and \$59.						
iv. The Group's foreign currency market risk analysis due to significant influence of exchange rate fluctuations is as follows:						
For the three-month periods ended March 31, 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%	\$ 208	\$		-
	SGD:NTD	1%	-			-
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%	\$ 8	\$		-

### 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 \$339 and \$323 for January 1 to March 31, 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 March 31,2024, December 31,2023 and March 31,2023.
- 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 March 31,2024, December 31,2023 and March 31,2023, is as follows:

	Not past due	Within 30 days	31-90 days	Over 91 days	Individual assessment	Total
<u>March 31, 2024</u>						
Expected loss rate	0%~1%	0%~10%	0%~30%	0%~30%	100%	
Total carrying amount	\$ 356,197	\$ 13,979	\$ 2,597	\$ 9	\$ 63,314	\$ 436,096
Loss allowance	\$ 495	\$ 1,061	\$ 429	\$ 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>March 31, 2023</u>						
Expected loss rate	0%~1%	0%~1%	0%~4%	0%~30%	100%	
Total carrying amount	\$ 440,619	\$ 2,501	\$ 3,402	\$ -	\$ 22,050	\$ 468,572
Loss allowance	\$ 794	\$ 166	\$ 1,028	\$ -	\$ 22,050	\$ 24,038

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

	2024	2023
	Accounts receivable	Accounts receivable
January 1 (March 31)	\$ 1,988	\$ 24,038

(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 March 31, 2024, December 31, 2023 and March 31, 2023, the Group's available credit limit was \$506,546, \$507,331 and \$558,291, 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.

March 31, 2024	Within 1 year	Within 1–5 years	Over 5 years	Total
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 360	\$ -	\$ -	\$ 360
Accounts payable	386,730	-	-	386,730
Other payables	110,570	-	-	110,570
Lease liabilities	4,419	3,923	-	8,342
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

March 31, 2023	Within 1 year	Within 1–5 years	Over 5 years	Total
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 891	\$ -	\$ -	\$ 891
Accounts payable	248,046	-	-	248,046
Other payables	88,506	-	-	88,506
Lease liabilities	5,808	8,455	-	14,263
Deposit received	880	-	-	880

(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:

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets (equity securities) at fair value through other comprehensive income	\$ -	\$ -	\$ 33,894	\$ 33,894
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets (equity securities) at fair value through other comprehensive income	\$ -	\$ -	\$ 32,524	\$ 32,524

March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets (equity securities) at fair value through other comprehensive income	\$ -	\$ -	\$ 32,254	\$ 32,254

(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 March 31, 2024 and 2023.
- E. The table below shows the changes in Level 3 fair value in January 1 to March 31, 2024 and 2023:

	2024		2023	
	Equity instruments		Equity instruments	
January 1	\$	32,524	\$	32,530
Exchange rate effect		1,370	(	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	\$ 33,894	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.
	December 31, 2023 Fair value	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relation between input and fair value
Non-derivative equity instruments: Unlisted stock	\$ 32,524	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	\$ 32,254	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:

		March 31, 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%	\$ -	\$ -	\$ 339	(\$ 339)
		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)
		March 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%	\$ -	\$ -	\$ 323	(\$ 323)

### 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)  
 March 31, 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	33,847	14.58%	33,847	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 March 31, 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	\$ 21,228	Note 4	5.83%
0	Information Technology Total Services Co., Ltd.	Universal Mail Service Ltd.	Parent to subsidiary	cost of goods sold	\$ 16,593	Note 4	4.55%
	Information Technology Total Services Co., Ltd.	Universal Mail Service Ltd.	Parent to subsidiary	Service costs	\$ 2,443	Note 4	0.67%

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 March 31, 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%	\$ 42,365	\$ 1,194	\$ 597	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%	25,115	544	697	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%	28,503	1,758	1,758	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%	84,828	576	576	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%	3,275	(625)	(94)	Note 1

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 March 31, 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)	\$ 460	100.00%	\$ 460	\$ 35,132	\$ -	

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)	\$ 326,089

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 on major shareholders  
March 31, 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.	4,009,273	14.67%
Tong-An Investment Co., Ltd.	1,841,250	6.73%