

**ARES INTERNATIONAL CORP. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Ares International Corp. and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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.

### **Basis for Qualified Conclusion**

The financial statements of certain non-significant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using the equity method) amounting to NT\$187,671 thousand and NT\$204,293 thousand, constituting 13.18% and 14.92% of the consolidated total assets, and total liabilities amounting to NT\$14,616 thousand and NT\$15,245 thousand, constituting 2.92% and 3.15% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively, and total comprehensive income (including

share of profit of associates and joint ventures accounted for using equity method) amounting to NT\$2,823 thousand and NT\$4,297 thousand, constituting 30.87% and 51.65% of consolidated total comprehensive income for the three months then ended, respectively.

### **Qualified Conclusion**

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the Basis for qualified conclusion above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

CPA Lin, Yi-Fan

CPA Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

May 14, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	March 31, 2024		December 31, 2023		March 31, 2023				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	668,592	47	\$	553,759	38	\$	540,413	40
1136	Financial assets at amortised cost -	6(2) and 8									
	current			239,096	17		396,707	27		295,583	22
1140	Contract assets - current	6(16)		143,916	10		139,382	10		116,717	9
1150	Notes receivable, net	6(3)		1,410	-		237	-		840	-
1170	Accounts receivable, net	6(3)		71,353	5		76,592	5		99,508	7
1180	Accounts receivable - related	7									
	parties, net			-	-		1,284	-		-	-
1200	Other receivables			8,107	1		3,842	-		4,489	-
1410	Prepayments	6(4) and 7		40,893	3		41,588	3		40,967	3
1470	Other current assets	8		47,147	3		49,906	4		45,591	3
11XX	Total current assets			1,220,514	86		1,263,297	87		1,144,108	84
Non-current assets											
1550	Investments accounted for using	6(6)									
	the equity method			141,300	10		136,185	9		152,306	11
1600	Property, plant and equipment, net	6(7)		5,167	-		4,299	-		4,501	-
1755	Right-of-use assets	6(8)		16,343	1		16,382	1		29,001	2
1780	Intangible assets			780	-		768	-		1,063	-
1840	Deferred income tax assets			31,222	2		30,910	2		30,323	2
1900	Other non-current assets	8		8,100	1		7,635	1		7,644	1
15XX	Total non-current assets			202,912	14		196,179	13		224,838	16
1XXX	Total assets		\$	1,423,426	100	\$	1,459,476	100	\$	1,368,946	100

(Continued)

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2130	Contract liabilities - current	6(16)	\$ 197,190	14	\$ 175,267	12	\$ 173,193	13
2170	Accounts payable	6(9)	49,970	3	69,487	5	50,952	4
2180	Accounts payable - related parties	7	-	-	314	-	-	-
2200	Other payables	6(10)	109,341	8	151,306	10	78,310	6
2230	Current income tax liabilities		18,053	1	16,678	1	33,246	2
2250	Provisions for liabilities - current	6(12)	2,462	-	2,740	-	7,717	-
2280	Current lease liabilities		13,293	1	14,939	1	16,766	1
21XX	<b>Total current liabilities</b>		<u>390,309</u>	<u>27</u>	<u>430,731</u>	<u>29</u>	<u>360,184</u>	<u>26</u>
<b>Non-current liabilities</b>								
2580	Non-current lease liabilities		3,357	-	1,716	-	12,482	1
2640	Non-current accrued pension liabilities		<u>106,586</u>	<u>8</u>	<u>113,049</u>	<u>8</u>	<u>110,816</u>	<u>8</u>
25XX	<b>Total non-current liabilities</b>		<u>109,943</u>	<u>8</u>	<u>114,765</u>	<u>8</u>	<u>123,298</u>	<u>9</u>
2XXX	<b>Total liabilities</b>		<u>500,252</u>	<u>35</u>	<u>545,496</u>	<u>37</u>	<u>483,482</u>	<u>35</u>
<b>Equity attributable to owners of parent</b>								
	Share capital	6(13)						
3110	Common stock		472,539	33	472,539	33	472,539	34
	Capital surplus	6(14)						
3200	Capital surplus		157,010	11	156,960	10	158,764	12
	Retained earnings	6(15)						
3310	Legal reserve		94,962	7	94,962	7	80,434	6
3320	Special reserve		4,146	-	4,146	-	7,344	1
3350	Unappropriated retained earnings		195,319	14	185,624	13	167,181	12
	Other equity interest							
3400	Other equity interest		( 4,444)	-	( 3,943)	-	( 4,377)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>919,532</u>	<u>65</u>	<u>910,288</u>	<u>63</u>	<u>881,885</u>	<u>65</u>
36XX	Non-controlling interest		<u>3,642</u>	<u>-</u>	<u>3,692</u>	<u>-</u>	<u>3,579</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>923,174</u>	<u>65</u>	<u>913,980</u>	<u>63</u>	<u>885,464</u>	<u>65</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,423,426</u>	<u>100</u>	<u>\$ 1,459,476</u>	<u>100</u>	<u>\$ 1,368,946</u>	<u>100</u>

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

**ARES INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Three months ended March 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16) and 7		\$ 165,278	100	\$ 199,564	100
5000 Operating costs	6(20)(21)		( 124,874)	( 75)	( 133,468)	( 67)
5950 Gross profit			<u>40,404</u>	<u>25</u>	<u>66,096</u>	<u>33</u>
Operating expenses	6(20)(21) and 7					
6100 Selling expenses			( 18,300)	( 11)	( 17,731)	( 9)
6200 General and administrative expenses			( 13,845)	( 9)	( 13,388)	( 7)
6300 Research and development expenses			( 33,217)	( 20)	( 29,679)	( 15)
6450 Reversal of (provision for) expected credit losses	12(2)		<u>2,843</u>	<u>2</u>	<u>1,197</u>	<u>-</u>
6000 Total operating expenses			( 62,519)	( 38)	( 61,995)	( 31)
6900 Operating (loss) profit			( 22,115)	( 13)	<u>4,101</u>	<u>2</u>
Non-operating income and expenses						
7100 Interest income	6(17)		6,727	4	4,267	2
7010 Other income	6(18)		72	-	393	-
7020 Other gains and losses	6(19)		19,892	12	( 3,574)	( 2)
7050 Finance costs	6(8)		( 122)	-	( 174)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)		<u>6,459</u>	<u>4</u>	<u>5,983</u>	<u>3</u>
7000 Total non-operating income and expenses			<u>33,028</u>	<u>20</u>	<u>6,895</u>	<u>3</u>
7900 Profit before income tax			10,913	7	10,996	5
7950 Income tax expense	6(22)		( 1,398)	( 1)	( 2,434)	( 1)
8200 Profit for the period			<u>\$ 9,515</u>	<u>6</u>	<u>\$ 8,562</u>	<u>4</u>
Other comprehensive income						
Other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			( \$ 496)	-	( \$ 301)	-
8399 Income tax relating to components of other comprehensive income	6(22)		<u>125</u>	<u>-</u>	<u>58</u>	<u>-</u>
8360 Other comprehensive loss that will be reclassified to profit or loss			( 371)	-	( 243)	-
8300 Total other comprehensive loss for the period			( \$ 371)	<u>-</u>	( \$ 243)	<u>-</u>
8500 Total comprehensive income for the period			<u>\$ 9,144</u>	<u>6</u>	<u>\$ 8,319</u>	<u>4</u>
Profit (loss) attributable to:						
8610 Owners of the parent			\$ 9,695	6	\$ 8,644	4
8620 Non-controlling interest			( 180)	-	( 82)	-
			<u>\$ 9,515</u>	<u>6</u>	<u>\$ 8,562</u>	<u>4</u>
Total comprehensive income (loss) attributable to:						
8710 Owners of the parent			\$ 9,194	6	\$ 8,413	4
8720 Non-controlling interest			( 50)	-	( 94)	-
			<u>\$ 9,144</u>	<u>6</u>	<u>\$ 8,319</u>	<u>4</u>
Earnings per share (in dollars)	6(23)					
9750 Basic			<u>\$ 0.21</u>		<u>\$ 0.18</u>	
9850 Diluted			<u>\$ 0.20</u>		<u>\$ 0.18</u>	

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent									
	Retained Earnings					Other Equity Interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<u>Three months ended March 31, 2023</u>										
Balance at January 1, 2023	\$ 472,539	\$ 158,764	\$ 80,434	\$ 7,344	\$ 158,537	(\$ 2,146 )	(\$ 2,000 )	\$ 873,472	\$ 3,673	\$ 877,145
Profit (loss) for the period	-	-	-	-	8,644	-	-	8,644	( 82 )	8,562
Other comprehensive loss for the preiod	-	-	-	-	-	( 231 )	-	( 231 )	( 12 )	( 243 )
Total comprehensive income (loss)	-	-	-	-	8,644	( 231 )	-	8,413	( 94 )	8,319
Balance at March 31, 2023	<u>\$ 472,539</u>	<u>\$ 158,764</u>	<u>\$ 80,434</u>	<u>\$ 7,344</u>	<u>\$ 167,181</u>	<u>(\$ 2,377 )</u>	<u>(\$ 2,000 )</u>	<u>\$ 881,885</u>	<u>\$ 3,579</u>	<u>\$ 885,464</u>
<u>Three months ended March 31, 2024</u>										
Balance at January 1, 2024	\$ 472,539	\$ 156,960	\$ 94,962	\$ 4,146	\$ 185,624	(\$ 1,943 )	(\$ 2,000 )	\$ 910,288	\$ 3,692	\$ 913,980
Profit (loss) for the period	-	-	-	-	9,695	-	-	9,695	( 180 )	9,515
Other comprehensive (loss) income for the period	-	-	-	-	-	( 501 )	-	( 501 )	130	( 371 )
Total comprehensive income (loss)	-	-	-	-	9,695	( 501 )	-	9,194	( 50 )	9,144
Donated by the shareholders	6(14)	-	50	-	-	-	-	50	-	50
Balance at March 31, 2024	<u>\$ 472,539</u>	<u>\$ 157,010</u>	<u>\$ 94,962</u>	<u>\$ 4,146</u>	<u>\$ 195,319</u>	<u>(\$ 2,444 )</u>	<u>(\$ 2,000 )</u>	<u>\$ 919,532</u>	<u>\$ 3,642</u>	<u>\$ 923,174</u>

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Three months ended March 31	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 10,913	\$ 10,996
Adjustments			
Adjustments to reconcile (profit) loss			
(Reversal of) provision for expected credit loss impairment	6(20) and 12(2)	( 2,843 )	1,197
Depreciation of property, plant and equipment	6(7)(20)	606	500
Depreciation of right-of-use asset	6(8)(20)	3,975	4,211
Amortisation	6(20)	108	98
Interest income	6(17)	( 6,727 )	( 4,267 )
Interest expense	6(8)	122	174
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 6,459 )	( 5,983 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,173 )	( 814 )
Accounts receivable		3,548	4,413
Accounts receivable - related parties		1,284	1,108
Other receivables		( 1,265 )	( 107 )
Prepayments		695	1,416
Other current assets		2,759	5,522
Changes in operating liabilities			
Contract liabilities		21,923	16,496
Accounts payable		( 19,517 )	497
Accounts payable - related parties		( 314 )	-
Other payables		( 39,698 )	( 67,754 )
Provisions for liabilities - current		( 278 )	86
Non-current accrued pension liabilities		( 6,463 )	( 18,026 )
Cash outflow generated from operations		( 38,804 )	( 50,237 )
Interest received		2,272	2,159
Income tax paid		( 203 )	( 326 )
Net cash flows used in operating activities		( 36,735 )	( 48,404 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in financial assets at amortised cost-current		( 163,329 )	( 216,808 )
Decrease in financial assets at amortised cost-current		320,940	237,049
Acquisition of property, plant and equipment	6(7)	( 1,467 )	( 285 )
Acquisition of intangible assets		( 120 )	( 960 )
Decrease in refundable deposits (shown in other non-current assets)		( 465 )	( 2 )
Net cash flows from investing activities		155,559	18,994
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability	6(24)	( 4,041 )	( 4,190 )
Donated by the shareholders	6(14)	50	-
Net cash flows used in financing activities		( 3,991 )	( 4,190 )
Net increase (decrease) in cash and cash equivalents		114,833	( 33,600 )
Cash and cash equivalents at beginning of period		553,759	574,013
Cash and cash equivalents at end of period		\$ 668,592	\$ 540,413

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



ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

**1. HISTORY AND ORGANISATION**

Ares International Corp. (hereinafter referred to as the ‘Company’) was established on December 3, 1980. The Company and subsidiaries (hereinafter referred to as the ‘Group’) are engaged in the design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installation and maintenance of application software. The Company’s stock was traded at the Taipei Exchange from March 1999, and was listed at the Taiwan Stock Exchange after the application of listing was approved since September 2001.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

These consolidated financial statements were authorised for issuance by the Board of Directors on May 14, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

**(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)**

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

**(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group**

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 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 at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “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. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
ARES INTERNATIONAL CORP.	ARES GROUP CORP.	Investment business	100%	100%	100%	
"	WELJOIN TECHNOLOGIES LIMITED (BVI)	"	100%	100%	100%	
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	"	100%	100%	100%	
WELJOIN TECHNOLOGIES LIMITED (BVI)	APLUSOFT (SUZHOU) CORPORATION	Research, development and sales of business management software	95.88%	95.88%	95.88%	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

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

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 362	\$ 464	\$ 457
Checking accounts and demand deposits	335,473	390,751	303,217
Time deposits	332,757	162,544	236,739
	<u>\$ 668,592</u>	<u>\$ 553,759</u>	<u>\$ 540,413</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Refer to Note 8 for the details of restricted cash and cash equivalents as of March 31, 2024, December 31, 2023 and March 31, 2023.

(2) Financial assets at amortised cost

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Time deposits with maturity over three months	\$ 235,889	\$ 393,500	\$ 291,948
Pledged time deposits	3,207	3,207	3,635
	<u>\$ 239,096</u>	<u>\$ 396,707</u>	<u>\$ 295,583</u>
Interest rate range of time deposits	1.00%~4.76%	1.00%~5.45%	0.76%~4.72%

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 893</u>	<u>\$ 1,020</u>

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive

income held by the Group were \$239,096, \$396,707 and \$295,583, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 1,410	\$ 237	\$ 840
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 1,410</u>	<u>\$ 237</u>	<u>\$ 840</u>
Accounts receivable	\$ 77,510	\$ 83,144	\$ 113,147
Less: Allowance for uncollectible accounts	( 6,157)	( 6,552)	( 13,639)
	<u>\$ 71,353</u>	<u>\$ 76,592</u>	<u>\$ 99,508</u>

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

	March 31, 2024	
	Accounts receivable	Notes receivable
Not past due	\$ 63,500	\$ 1,410
Up to 90 days	5,054	-
91 to 180 days	3,499	-
181 to 270 days	603	-
Over 270 days	4,854	-
	<u>\$ 77,510</u>	<u>\$ 1,410</u>
	December 31, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 69,819	\$ 237
Up to 90 days	7,496	-
91 to 180 days	1,017	-
181 to 270 days	-	-
Over 270 days	4,812	-
	<u>\$ 83,144</u>	<u>\$ 237</u>

	March 31, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 87,927	\$ 840
Up to 90 days	11,730	-
91 to 180 days	1,531	-
181 to 270 days	235	-
Over 270 days	11,724	-
	<u>\$ 113,147</u>	<u>\$ 840</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$122,567.
- C. The Group has no notes and accounts receivable pledged to others.
- D. The Group has no discounted notes receivable.
- E. The Group does not hold any collateral as security.
- F. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group were \$72,763, \$76,829 and \$100,348, respectively.
- G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid project cost	\$ 37,112	\$ 40,031	\$ 35,882
Other prepayments	3,781	1,557	5,085
	<u>\$ 40,893</u>	<u>\$ 41,588</u>	<u>\$ 40,967</u>

(5) Financial assets at fair value through other comprehensive income - non-current

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,000	\$ 2,000	\$ 2,000
Valuation adjustment	( 2,000)	( 2,000)	( 2,000)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$0 as at March 31, 2024, December 31, 2023 and March 31,

2023.

B. For the three months ended March 31, 2024 and 2023, no amount was recognised in profit or loss and other comprehensive income.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for using the equity method

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates:			
BLITZ IT CONSULTANTS PTE. LTD.	\$ 17,486	\$ 19,217	\$ 17,083
ARES INTERNATIONAL (THAILAND) CO., LTD.	2,371	3,181	3,631
ARGO INTERNATIONAL CORPORATION	29,474	27,888	30,650
M-POWER INFORMATION CO., LTD.	90,358	84,971	100,942
MYSHINE TECHNOLOGY CO., LTD.	1,611	928	-
	<u>\$ 141,300</u>	<u>\$ 136,185</u>	<u>\$ 152,306</u>

A. The basic information of the associates of the Group is as follows:

Company name	Principal place of business	Ownership (%)			Nature of relationship	Method of measurement
		March 31, 2024	December 31, 2023	March 31, 2023		
BLITZ IT CONSULTANTS PTE. LTD.	Singapore	25.00%	25.00%	25.00%	Strategic investment	Equity method
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	49.00%	"	"
ARGO INTERNATIONAL CORPORATION	Taiwan	33.88%	33.88%	33.88%	"	"
M-POWER INFORMATION CO., LTD.	"	17.47%	17.47%	19.74%	"	"
MYSHINE TECHNOLOGY CO., LTD.	"	40.00%	40.00%	-	"	"

Note 1: For the year ended December 31, 2023, the Group disposed 500,000 shares of M-POWER INFORMATION CO., LTD. with a disposal price of \$71,942. The gain from disposal of investments was recognised at \$61,776, and adjusted capital surplus of (\$1,802) in accordance with the ownership proportion.

Note 2: In June 2023, the Group invested \$3,000 in cash and acquired 200,000 shares of MYSHINE TECHNOLOGY CO., LTD., representing a 40% ownership stake.

- B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amounts of the Group's individually immaterial associates amounted to \$141,300, \$136,185 and \$152,306, respectively.

	Three months ended March 31	
	2024	2023
Profit for the period from continuing operations	\$ 6,459	\$ 5,983
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 6,459</u>	<u>\$ 5,983</u>

- C. For the three months ended March 31, 2024 and 2023, the Group recognised share of profit of associates in the amounts of \$6,459 and \$5,983, respectively, which were based on the financial statements of the same period which were not reviewed by independent auditors.
- D. The Group's material associate, M-POWER INFORMATION CO., LTD., has quoted market prices. As of March 31, 2024, December 31, 2023 and March 31, 2023, the fair value was \$455,397, \$470,769 and \$599,336, respectively.
- E. The Group is the single largest shareholder of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION with a 33.88% and 17.47% equity interest, respectively. As the Group has no ability to direct the relevant activities of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION, the Group has no control, but only has significant influence, over the investee.



(7) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other facilities</u>	<u>Total</u>
<u>At January 1, 2024</u>						
Cost	\$ 12,302	\$ 12,190	\$ 1,465	\$ 4,679	\$ 1,429	\$ 32,065
Accumulated depreciation	( 9,136)	( 12,040)	( 1,455)	( 4,299)	( 836)	( 27,766)
	<u>\$ 3,166</u>	<u>\$ 150</u>	<u>\$ 10</u>	<u>\$ 380</u>	<u>\$ 593</u>	<u>\$ 4,299</u>
<u>2024</u>						
At January 1	\$ 3,166	\$ 150	\$ 10	\$ 380	\$ 593	\$ 4,299
Additions	467	1,000	-	-	-	1,467
Depreciation charges	( 452)	( 67)	( 2)	( 16)	( 69)	( 606)
Net exchange differences	7	-	-	-	-	7
At March 31	<u>\$ 3,188</u>	<u>\$ 1,083</u>	<u>\$ 8</u>	<u>\$ 364</u>	<u>\$ 524</u>	<u>\$ 5,167</u>
<u>At March 31, 2024</u>						
Cost	\$ 12,798	\$ 13,190	\$ 1,465	\$ 4,679	\$ 1,429	\$ 33,561
Accumulated depreciation	( 9,610)	( 12,107)	( 1,457)	( 4,315)	( 905)	( 28,394)
	<u>\$ 3,188</u>	<u>\$ 1,083</u>	<u>\$ 8</u>	<u>\$ 364</u>	<u>\$ 524</u>	<u>\$ 5,167</u>

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other facilities</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 10,581	\$ 12,190	\$ 1,568	\$ 4,679	\$ 1,429	\$ 30,447
Accumulated depreciation	( 7,669)	( 11,735)	( 1,535)	( 4,236)	( 558)	( 25,733)
	<u>\$ 2,912</u>	<u>\$ 455</u>	<u>\$ 33</u>	<u>\$ 443</u>	<u>\$ 871</u>	<u>\$ 4,714</u>
<u>2023</u>						
At January 1	\$ 2,912	\$ 455	\$ 33	\$ 443	\$ 871	\$ 4,714
Additions	285	-	-	-	-	285
Depreciation charges	( 313)	( 95)	( 7)	( 16)	( 69)	( 500)
Net exchange differences	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
At March 31	<u>\$ 2,886</u>	<u>\$ 360</u>	<u>\$ 26</u>	<u>\$ 427</u>	<u>\$ 802</u>	<u>\$ 4,501</u>
<u>At March 31, 2023</u>						
Cost	\$ 10,873	\$ 12,189	\$ 1,568	\$ 4,679	\$ 1,429	\$ 30,738
Accumulated depreciation	( 7,987)	( 11,829)	( 1,542)	( 4,252)	( 627)	( 26,237)
	<u>\$ 2,886</u>	<u>\$ 360</u>	<u>\$ 26</u>	<u>\$ 427</u>	<u>\$ 802</u>	<u>\$ 4,501</u>

A. No interest was capitalised as part of property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements — lessee

- A. The Group's leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Group.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	Carrying amount		
	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	\$ 16,343	\$ 16,382	\$ 29,001
Depreciation charge			
Three months ended March 31			
	2024	2023	
Buildings	\$ 3,975	\$ 4,211	

- D. For the three months ended March 31, 2024 and 2023, the additions to right-of-use assets were \$4,144 and \$26,444, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended March 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 122	\$ 174
Expense on short-term lease contracts	458	310
	<u>\$ 580</u>	<u>\$ 484</u>

- F. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$4,499 and \$4,500 respectively.

(9) Accounts payable

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	\$ 10,793	\$ 26,807	\$ 14,189
Project costs payable	39,177	42,680	36,763
	<u>\$ 49,970</u>	<u>\$ 69,487</u>	<u>\$ 50,952</u>

(10) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Wages and bonus payable	\$ 63,978	\$ 102,546	\$ 37,647
Labor and health insurance fees payable	5,070	5,002	4,852
Employees' compensation and directors' remuneration payable	28,216	26,679	25,035
Other accrued expenses	12,077	17,079	10,776
	<u>\$ 109,341</u>	<u>\$ 151,306</u>	<u>\$ 78,310</u>

(11) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued 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 accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$910 and \$947 for the three months ended March 31, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2025 amount to \$1,803.

B. Defined contribution plans:

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution

pension plans of the Group for the three months ended March 31, 2024 and 2023 were \$3,592 and \$3,358, respectively.

- (b) The Company's mainland China subsidiary, APLUSOFT (SUZHOU) CORPORATION, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 7% for the three months ended March 31, 2024 and 2023. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plan of APLUSOFT (SUZHOU) CORPORATION for the three months ended March 31, 2024 and 2023 were \$336 and \$104, respectively.

(12) Provisions

	Warranty	
	2024	2023
Balance at January 1	\$ 2,740	\$ 7,631
Additional provisions	103	1,605
Used during the period	( 253)	( 1,054)
Unused amounts reversed	( 128)	( 465)
Balance at March 31	<u>\$ 2,462</u>	<u>\$ 7,717</u>

Analysis of total provisions:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 2,462</u>	<u>\$ 2,740</u>	<u>\$ 7,717</u>

The Group provides warranties on project contract, and the provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of March 31, 2024, the Company's authorised capital was \$1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$472,539, consisting of 47,254 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share.

(14) Capital surplus

2024					
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	\$ 92,839	\$ 48,738	\$ 316	\$ 15,067	\$ 156,960
Donated by the shareholders (Note)	-	-	50	-	50
At March 31	<u>\$ 92,839</u>	<u>\$ 48,738</u>	<u>\$ 366</u>	<u>\$ 15,067</u>	<u>\$ 157,010</u>
2023					
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1 and March 31	<u>\$ 92,839</u>	<u>\$ 48,738</u>	<u>\$ 318</u>	<u>\$ 16,869</u>	<u>\$ 158,764</u>

Note: Capital surplus arising from donation pertain to unclaimed dividends over 5 years past due.

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following methods and order:

- (a) Pay all taxes.
- (b) Offset prior years' operating losses.
- (c) 10% of the remaining amount shall be set aside as legal reserve.
- (d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be distributed as dividends to shareholders which shall be proposed by the Board of Directors and resolved by the shareholders, The Board of Directors may decide not to distribute earnings for operation needs.

- B. As the Company is engaged in information technology, which is a rapidly advance and growing market, the dividend policy of the Company is based on the company capital expenditure requirement and optimal financial plan for long-term operations. When the Board of Directors propose the distribution of retained earnings after deducting (a)~(d) above, the Board of Directors will propose the distribution of cash dividends and share dividends based on the operating requirements. Cash dividends shall comprise not less than 10% of total dividends distributed. However, the proportion of cash dividend could be adjusted based on the operating situation of current year.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Distribution of retained earnings:

On March 13, 2024, the Board of Directors proposed and approved the distribution of 2023 retained earnings, and on June 21, 2023, the shareholders during their meeting resolved the distribution of 2022 retained earnings, The distribution of retained earnings is as follows:

	2023		2022	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 17,237		\$ 14,528	
Reversal of special reserve (	203)		( 3,198)	
Cash dividends	155,331	\$ 3.29	133,948	\$ 2.83

As of May 14, 2024, the abovementioned distribution of 2023 retained earnings has not yet been resolved at the stockholders' meeting.

(16) Operating revenue

Revenue from contracts with customers	Three months ended March 31	
	2024	2023
Sales revenue	\$ 11,439	\$ 9,595
Services revenue	153,839	189,969
	<u>\$ 165,278</u>	<u>\$ 199,564</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Three months ended March 31, 2024 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 19,205	\$ -	\$ 145,825	\$ 248	\$ 165,278
Inter-segment	2,510	-	-	-	2,510
	<u>\$ 21,715</u>	<u>\$ -</u>	<u>\$ 145,825</u>	<u>\$ 248</u>	<u>\$ 167,788</u>
Timing of revenue recognition					
At a point in time	\$ 8	\$ -	\$ 11,431	\$ -	\$ 11,439
Over time	19,197	-	134,394	248	153,839
	<u>\$ 19,205</u>	<u>\$ -</u>	<u>\$ 145,825</u>	<u>\$ 248</u>	<u>\$ 165,278</u>
Three months ended March 31, 2023 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 14,492	\$ 62	\$ 185,010	\$ -	\$ 199,564
Inter-segment	900	-	-	-	900
	<u>\$ 15,392</u>	<u>\$ 62</u>	<u>\$ 185,010</u>	<u>\$ -</u>	<u>\$ 200,464</u>
Timing of revenue recognition					
At a point in time	\$ 18	\$ -	\$ 9,577	\$ -	\$ 9,595
Over time	14,474	62	175,433	-	189,969
	<u>\$ 14,492</u>	<u>\$ 62</u>	<u>\$ 185,010</u>	<u>\$ -</u>	<u>\$ 199,564</u>

Note: Segmental information is provided in Note 14.



## B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Contract assets -				
customer contract	\$ 143,916	\$ 141,779	\$ 116,717	\$ 99,294
Less: Allowance for				
uncollectible accounts	- (2,397)	-	-	-
	<u>\$ 143,916</u>	<u>\$ 139,382</u>	<u>\$ 116,717</u>	<u>\$ 99,294</u>
Contract liabilities - advance				
receipts from customers	<u>\$ 197,190</u>	<u>\$ 175,267</u>	<u>\$ 173,193</u>	<u>\$ 156,697</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three months ended March 31	
	2024	2023
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Advance receipts	<u>\$ 24,465</u>	<u>\$ 27,768</u>

The Group does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hour. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### (17) Interest income

	Three months ended March 31	
	2024	2023
Interest income from bank deposits	\$ 5,834	\$ 3,247
Interest income from financial assets measured at amortised cost	893	1,020
	<u>\$ 6,727</u>	<u>\$ 4,267</u>

### (18) Other income

	Three months ended March 31	
	2024	2023
Commission income	\$ -	\$ 181
Others	72	212
	<u>\$ 72</u>	<u>\$ 393</u>

(19) Other gains and losses

	Three months ended March 31	
	2024	2023
Foreign exchange gain (loss)	\$ 20,210	(\$ 3,238)
Miscellaneous disbursements	( 318)	( 336)
	<u>\$ 19,892</u>	<u>(\$ 3,574)</u>

(20) Expenses by nature

	Three months ended March 31	
	2024	2023
Employee benefit expense	\$ 127,405	\$ 119,745
Depreciation charges on property, plant and equipment	606	500
Depreciation charges on right-of-use assets	3,975	4,211
Amortisations	108	98
Operating lease payments	458	310
Outsourcing software	41,119	54,161
(Reversal of) provision for expected credit losses (	2,843)	1,197
Other expenses	8,079	8,198
Cost of sales	8,486	7,043
Operating costs and expenses	<u>\$ 187,393</u>	<u>\$ 195,463</u>

(21) Employee benefit expense

	Three months ended March 31	
	2024	2023
Wages and salaries	\$ 107,617	\$ 101,940
Labor and health insurance fees	10,533	9,917
Pension costs	4,838	4,409
Directors' remuneration	1,488	1,244
Other personnel expenses	2,929	2,235
	<u>\$ 127,405</u>	<u>\$ 119,745</u>

- A. As of March 31, 2024 and 2023, the Group had 328 and 318 employees, respectively.
- B. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% and not higher than 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- C. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at \$1,153 and \$1,149, respectively; while directors' remuneration was accrued at \$384 and \$383,

respectively. The aforementioned amounts were recognised in salary expenses.

- D. Employees' compensation and directors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year for the three months ended March 31, 2024, respectively.
- E. Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.
- F. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 1,579	\$ -
Deferred tax:		
Origination and reversal of temporary differences	( 181)	2,434
Income tax expense	<u>\$ 1,398</u>	<u>\$ 2,434</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income and loss is as follows:

	Three months ended March 31	
	2024	2023
Remeasurement of defined benefit obligations	\$ -	\$ -
Currency translation differences	( 125)	( 58)
	<u>(\$ 125)</u>	<u>(\$ 58)</u>

- B. As of March 31, 2024, the Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. On January 6, 2023, the Company has paid an additional tax of \$128 for the year ended December 31, 2020 based on the approved assessment results.
- C. ARES GROUP CORP., WELJOIN TECHNOLOGIES LIMITED (BVI) and SHARP KEEN MANAGEMENT LIMITED are companies that were established in Seychelles and British Virgin Islands, respectively. These companies have no income tax.

(23) Earnings per share

Three months ended March 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,695	47,254	\$ 0.21
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,695	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	359	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 9,695	47,613	\$ 0.20
Three months ended March 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,644	47,254	\$ 0.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,644	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	420	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 8,644	47,674	\$ 0.18

(24) Changes in liabilities from financing activities

	2024		2023	
	Liabilities from financing		Liabilities from financing	
	Lease liabilities	activities-gross	Lease liabilities	activities-gross
At January 1	\$ 16,655	\$ 16,655	\$ 6,971	\$ 6,971
Changes in cash flow from financing activities	( 4,041)	( 4,041)	( 4,190)	( 4,190)
Impact of changes in foreign exchange rate	( 16)	( 16)	14	14
Changes in other non-cash items	4,052	4,052	26,453	26,453
At March 31	<u>\$ 16,650</u>	<u>\$ 16,650</u>	<u>\$ 29,248</u>	<u>\$ 29,248</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
ARES INTERNATIONAL (THAILAND) CO., LTD.	"
MYSHINE TECHNOLOGY CO., LTD.	"
MiTAC INC.	Key management
MiTAC INTERNATIONAL TECHNOLOGY CORP.	"

(2) Significant related party transactions

A. Operating revenue

	Three months ended March 31	
	2024	2023
Sales of goods:		
-Associates	\$ 266	\$ -
-Key management	849	45
	<u>\$ 1,115</u>	<u>\$ 45</u>

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

B. Receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable			
-MiTAC INTERNATIONAL TECHNOLOGY CORP.	<u>\$ -</u>	<u>\$ 1,284</u>	<u>\$ -</u>

### C. Payables to related parties

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts payable			
-MYSHINE			
TECHNOLOGY CO., LTD.	\$ <u>-</u>	\$ <u>314</u>	\$ <u>-</u>

D. In 2021, the Group entered into a three-year Argo ERP maintenance contract with an associate, in the amount of \$748. The Group recognised \$187 in prepayments and \$62 as operating expenses for the three months ended March 31, 2024 and 2023, respectively.

### (3) Key management compensation

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employees' benefits	\$ <u>20,734</u>	\$ <u>19,974</u>

## 8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
Time deposits (shown as financial assets at amortised cost - current)	\$ 3,207	\$ 3,207	\$ 3,635	Bid bond
Guarantee deposits paid (shown as other current assets)	47,147	49,906	45,591	Bid bond and performance bond
Guarantee deposits paid (shown as other non-current assets)	8,100	7,635	7,644	Guarantees provided for leasing
	<u>\$ 58,454</u>	<u>\$ 60,748</u>	<u>\$ 56,870</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Software products	\$ <u>8,579</u>	\$ <u>8,634</u>	\$ <u>5,360</u>

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group received promissory notes amounting to \$7,997, \$8,367 and \$9,929 as performance guarantees, respectively.

## 10. SIGNIFICANT DISASTER LOSS

None.

# 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

There was no significant change during the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	\$ 668,592	\$ 553,759	\$ 540,413
Current financial assets at amortised cost	239,096	396,707	295,583
Notes receivable	1,410	237	840
Accounts receivable	71,353	76,592	99,508
Accounts receivable due from related parties	-	1,284	-
Other receivables	8,107	3,842	4,489
Guarantee deposits paid (shown as other current assets)	47,147	49,906	45,591
Guarantee deposits paid (shown as other non-current assets)	8,100	7,635	7,644
	<u>\$ 1,043,805</u>	<u>\$ 1,089,962</u>	<u>\$ 994,068</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable	\$ 49,970	\$ 69,487	\$ 50,952
Accounts payable to related parties	-	314	-
Other payables	109,341	151,306	78,310
	<u>\$ 159,311</u>	<u>\$ 221,107</u>	<u>\$ 129,262</u>
Lease liabilities	<u>\$ 16,650</u>	<u>\$ 16,655</u>	<u>\$ 29,248</u>

#### B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,269	32.00	\$ 360,608
HKD:NTD	21,721	4.09	88,839
AUD:NTD	492	20.82	10,243
EUR:NTD	114	34.46	3,928
RMB:NTD	21,321	4.43	94,452
USD:RMB	181	7.22	5,789
<u>Non-monetary items</u>			
USD:NTD	546	32.00	17,486
THB:NTD	2,682	0.88	2,371



December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,134	30.71	\$ 341,925
HKD:NTD	20,131	3.93	79,115
AUD:NTD	490	20.98	10,280
EUR:NTD	114	33.98	3,874
RMB:NTD	21,963	4.32	94,880
USD:RMB	281	7.10	8,619
<u>Non-monetary items</u>			
USD:NTD	626	30.71	19,217
THB:NTD	3,528	0.90	3,181
March 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,593	30.45	\$ 292,107
HKD:NTD	20,598	3.88	79,920
AUD:NTD	483	20.33	9,819
EUR:NTD	114	33.15	3,779
RMB:NTD	21,048	4.44	93,453
USD:RMB	241	6.86	7,340
RMB:USD	1,082	0.15	4,942
<u>Non-monetary items</u>			
USD:NTD	561	30.45	17,083
THB:NTD	4,056	0.90	3,631

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023, amounted to \$20,210 and (\$3,238), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1.00%	\$ 3,606	\$ -
HKD:NTD	1.00%	888	-
AUD:NTD	1.00%	102	-
EUR:NTD	1.00%	39	-
RMB:NTD	1.00%	945	-
USD:RMB	1.00%	58	-
<u>Non-monetary items</u>			
USD:NTD	1.00%	-	175
THB:NTD	1.00%	-	24

Three months ended March 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1.00%	\$ 2,921	\$ -
HKD:NTD	1.00%	799	-
AUD:NTD	1.00%	98	-
EUR:NTD	1.00%	38	-
RMB:NTD	1.00%	935	-
USD:RMB	1.00%	73	-
RMB:USD	1.00%	49	-
<u>Non-monetary items</u>			
USD:NTD	1.00%	-	171
THB:NTD	1.00%	-	36

### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic beneficiary certificates and equity instrument issued by foreign listed companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2024 and 2023, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.

- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. As of March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix and loss rate methodology are as follows:

<u>Group 1</u>	<u>Not past due</u>	<u>Up to 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Over 270 days</u>	<u>Total</u>
<u>March 31, 2024</u>						
Expected loss rate	0.42%~ 2.21%	4.72%~ 14.06%	9.92%~ 25%	10.09%~ 35.83%	100.00%	
Total book value	\$ 47,789	\$ 5,054	\$ 3,499	\$ 603	\$ 4,854	\$ 61,799
Loss allowance	\$ 420	\$ 448	\$ 353	\$ 82	\$ 4,854	\$ 6,157
<u>Group 1</u>	<u>Not past due</u>	<u>Up to 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Over 270 days</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	1.38%~ 3.23%	4.18%~ 13.87%	10.42%~ 25%	12.75%~ 35.83%	100%	
Total book value	\$ 49,205	\$ 7,496	\$ 1,017	\$ -	\$ 4,812	\$ 62,530
Loss allowance	\$ 1,126	\$ 505	\$ 109	\$ -	\$ 4,812	\$ 6,552
<u>Group 1</u>	<u>Not past due</u>	<u>Up to 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Over 270 days</u>	<u>Total</u>
<u>March 31, 2023</u>						
Expected loss rate	1.38%~ 3.23%	4.18%~ 13.87%	10.04%~ 25%	11.69%~ 35.83%	100%	
Total book value	\$ 80,704	\$ 11,730	\$ 1,531	\$ 235	\$ 11,724	\$ 105,924
Loss allowance	\$ 1,062	\$ 612	\$ 157	\$ 84	\$ 11,724	\$ 13,639

	<u>Company</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Total</u>
<u>March 31, 2024</u>				
Expected loss rate	0%	0%	0%	
Total book value	\$ 143,916	\$ 13,416	\$ 2,295	\$ 159,627
Loss allowance	\$ -	\$ -	\$ -	\$ -
	<u>Company</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Expected loss rate	1.69%	0%	0%	
Total book value	\$ 141,779	\$ 10,455	\$ 10,159	\$ 162,393
Loss allowance	\$ 2,397	\$ -	\$ -	\$ 2,397
	<u>Company</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Total</u>
<u>March 31, 2023</u>				
Expected loss rate	0%	0%	0%	
Total book value	\$ 116,717	\$ 6,227	\$ 996	\$ 123,940
Loss allowance	\$ -	\$ -	\$ -	\$ -

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organisations

- ix. As of March 31, 2024, December 31, 2023 and March 31, 2023, contract assets amounted to \$143,916, \$139,382 and \$116,717, respectively, and loss allowance are \$0, \$2,397 and \$0, and the expected credit loss rate are 0%, 1.69% and 0%, respectively.
- x. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	<u>2024</u>			
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>	<u>Total</u>
At January 1	\$ 6,552	\$ 2,397	\$ -	\$ 8,949
Reversal of impairment loss	( 446)	( 2,397)	-	( 2,843)
Effects of foreign exchange	51	-	-	51
At March 31	<u>\$ 6,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,157</u>
	<u>2023</u>			
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>	<u>Total</u>
At January 1	\$ 12,422	\$ -	\$ -	\$ 12,422
Impairment loss	1,197	-	-	1,197
Effects of foreign exchange	20	-	-	20
At March 31	<u>\$ 13,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,639</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	<u>Less than</u>	<u>Between 3</u>	<u>Between 2 and</u>	
March 31, 2024	<u>3 months</u>	<u>months and 2 years</u>	<u>5 years</u>	<u>Total</u>
Accounts payable	\$ 49,322	\$ 648	\$ -	\$ 49,970
Other payables	78,138	31,203	-	109,341
Lease liabilities	4,162	11,623	1,427	17,212
	<u>\$ 131,622</u>	<u>\$ 43,474</u>	<u>\$ 1,427</u>	<u>\$ 176,523</u>
<u>Non-derivative financial liabilities:</u>	<u>Less than</u>	<u>Between 3</u>	<u>Between 2 and</u>	
December 31, 2023	<u>3 months</u>	<u>months and 2 years</u>	<u>5 years</u>	<u>Total</u>
Accounts payable	\$ 68,742	\$ 745	\$ -	\$ 69,487
Accounts payable-related parties	314	-	-	314
Other payables	121,620	29,686	-	151,306
Lease liabilities	4,272	12,477	148	16,897
	<u>\$ 194,948</u>	<u>\$ 42,908</u>	<u>\$ 148</u>	<u>\$ 238,004</u>
<u>Non-derivative financial liabilities:</u>	<u>Less than</u>	<u>Between 3</u>	<u>Between 2 and</u>	
March 31, 2023	<u>3 months</u>	<u>months and 2 years</u>	<u>5 years</u>	<u>Total</u>
Accounts payable	\$ 50,308	\$ 644	\$ -	\$ 50,952
Other payables	50,794	27,516	-	78,310
Lease liabilities	4,362	25,152	481	29,995
	<u>\$ 105,464</u>	<u>\$ 53,312</u>	<u>\$ 481</u>	<u>\$ 159,257</u>

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where 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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through other comprehensive income is included in

Level 3.

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 approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

March 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -
March 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted

from Reuters).

- E. For the three months ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- F. For the three months ended March 31, 2024 and 2023, there was no transfer into or out from Level 3.
- G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. Valuation techniques of fair value that the Group used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.



(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. SEGMENT INFORMATION

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The Group's segment profit and loss is measured with the operating income and loss, which is used as a basis for the Group in assessing the performance of the operating segments. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three months ended March 31, 2024:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	\$ 97,807	\$ 42,938	\$ 24,533	\$ 165,278
Inter-segment revenue	2,510	-	-	2,510
Total segment revenue	<u>\$ 100,317</u>	<u>\$ 42,938</u>	<u>\$ 24,533</u>	<u>\$ 167,788</u>
Segment income	<u>(\$ 4,323)</u>	<u>(\$ 13,651)</u>	<u>(\$ 1,631)</u>	<u>(\$ 19,605)</u>
Segment income (loss), including: Depreciation and amortisation	<u>(\$ 2,049)</u>	<u>(\$ 2,115)</u>	<u>(\$ 525)</u>	<u>(\$ 4,689)</u>

Three months ended March 31, 2023:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	\$ 103,328	\$ 54,608	\$ 41,628	\$ 199,564
Inter-segment revenue	900	-	-	900
Total segment revenue	\$ 104,228	\$ 54,608	\$ 41,628	\$ 200,464
Segment income	(\$ 4,978)	\$ 5,174	\$ 4,805	\$ 5,001
Segment income (loss), including: Depreciation and amortisation	(\$ 2,280)	(\$ 1,964)	(\$ 565)	(\$ 4,809)

The Group did not disclose the information in relation to segment assets and segment liabilities as this information is not provided to the Chief Operating Decision-Maker.

(3) Reconciliation for segment income and loss

The segment operating income reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the amounts of total assets and total liabilities to the Chief Operating Decision-Maker for making operating decisions. The reconciliation on segment revenue, operating revenue, segment income/loss and income/loss before tax from continuing operations of reportable segment are as follows:

	Three months ended March 31	
Profit or loss	2024	2023
Total reportable segment revenue	\$ 167,788	\$ 200,464
Write-off of inter-segment revenue	( 2,510)	( 900)
Operating revenue	\$ 165,278	\$ 199,564
	Three months ended March 31	
Profit or loss	2024	2023
Segment income	(\$ 19,605)	\$ 5,001
Adjustments and write-offs	( 2,510)	( 900)
Non-operating income and expenses	33,028	6,895
Income before tax from continuing operations	\$ 10,913	\$ 10,996

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Three months ended March 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2024				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
ARES INTERNATIONAL CORP.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	\$ -	0.01%	\$ -	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS9, 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
Names, locations, and related information on investees (excluding information on investment in Mainland China)  
Three months ended March 31, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three months ended March 31, 2024 (Note 2(2))	Investment income (loss) recognised by the Company for the three months ended March 31, 2024 (Note 2(3))	Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
ARES INTERNATIONAL CORP.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	\$ 16,974	\$ 16,974	1,863,446	33.88	\$ 29,474	\$ 4,682	\$ 1,586	
"	M-POWER INFORMATION CO., LTD.	"	Agency and sale of database system and professional service of software	25,255	25,255	3,843,015	17.47	90,358	30,836	5,387	
"	MYSHINE TECHNOLOGY CO., LTD.	"	Front-end IoT integration and back-end management platform solution research and development application	3,000	3,000	200,000	40.00	1,611	950	683	
"	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100.00	17,802 (	446) (	446)	Subsidiary
"	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49.00	2,371 (	1,531) (	751)	
"	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100.00	27,666 (	4,261) (	4,261)	Subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	"	"	34,115	34,115	1,120,000	100.00	17,554 (	446)	Note 3	Subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25.00	17,486 (	1,786)	Note 3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at March 31, 2024’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2)The ‘Net profit (loss) of the investee for the three months ended March 31, 2024’ column should fill in amount of net profit (loss) of the investee for this period.

(3)The ‘Investment income (loss) recognised by the Company for the three months ended March 31, 2024’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
Information on investments in Mainland China  
Three months ended March 31, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investment flows													
Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Remitted to Mainland China	Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the three months ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024 (Note 2)	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Note
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	\$ 25,228	Note1	\$ 7,033	\$ -	\$ -	\$ 7,033	(\$ 4,373)	95.88	(\$ 4,193)	\$ 26,283	\$ 18,669	Note 4

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).

Note 2: The financial statements were not reviewed by independent auditors.

Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).

Note 4: Accumulated cash dividends included in the accumulated amount of investment income remitted back to Taiwan which had been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to \$9,053 (RMB 2,069,896.59/USD 295,672.69).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ARES INTERNATIONAL CORP.	\$ 56,479	\$ 77,296	\$ 553,904

ARES INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

March 31, 2024

Table 4

Name of major shareholders	Shares		Ownership (%)
	Number of shares held		
YU, HONG-YANG	\$	3,558,449	7.53%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, the shareholders have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.