Stock Code:5403

# DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2023 and 2022**

**Address:** **8th Floor, No. 151, Xing'ai Rd., Neihu Dist., Taipei City, Taiwan**
**Telephone:** **(02)81705168**

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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# Representation Letter

The entities that are required to be included in the combined financial statements of Dimerco Data System Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dimerco Data System Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Dimerco Data System Corporation

Chairman: Ssu Wei Chuang

Date: March 7, 2024

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# Independent Auditors' Report

To the Board of Directors of Dimerco Data System Corporation:

## Opinion

We have audited the consolidated financial statements of Dimerco Data System Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to notes 4(q), 5 and 6(w) for disclosures related to revenue recognition.

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Description of key audit matter:

When Dimerco Data System Corporation ("the Company") is unable to reasonably measure the result of performance obligations of service contracts pertaining to software design which met the criteria to recognize revenue over time, the service revenue is recognized by considering the recoverability of incurred costs. The Company recognizes service revenue within the amount of incurred costs when the incurred costs are likely to be recovered before the acceptance by the client. At the time the work performed is accepted by the client and confirmed by the responsible department, the service revenue for the period is recognized based on the difference between the total contract price and the accumulated recognized service revenue. As the timing of service revenue recognition is affected by the accuracy of the audit conducted by the responsible department, thus, the service revenue recognition in the aforementioned manner is considered to be a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed are to understand and test whether the internal controls of the sales and collection cycle are properly implemented; to obtain the details of software development service contracts, to verify the contract price and randomly check the consistency between the incurred costs and the supporting documents; as well as to select sales transactions upon the acceptance of software development from a period of time before and after the reporting date to determine whether the revenue is recognized in the correct period.

**Other Matter**

The financial statements of Dimerco Data System Corporation for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 9, 2023.

Dimerco Data System Corporation has additionally prepared its parent company only financial statements as of and for the year ended December 31, 2023, on which we have issued an unqualified audit opinion. For the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 9, 2023.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including audit committee) are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Po-Shu and Wu, Chung-Shun.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

## December 31, 2023 and 2022

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| 11xx | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | $ 1,106,942 | 25 | 473,554 | 9 |
| 1110 | Financial assets at fair value through profit or loss - current (note 6(b)) | 2,196 | - | 5,884 | - |
| 1120 | Financial assets at fair value through other comprehensive income - current (note 6(c)) | 112,951 | 3 | 91,327 | 2 |
| 1136 | Current financial assets at amortized cost, net (notes 6(d) and 8) | 28,889 | 1 | 118,630 | 2 |
| 1140 | Contract assets - current (note 6(w)) | 370,074 | 8 | 311,767 | 6 |
| 1150 | Notes receivable (notes 6(e) and (w)) | 177 | - | 830 | - |
| 1170 | Accounts receivable (notes 6(e), (w) and 7) | 119,241 | 3 | 103,252 | 2 |
| 1197 | Finance lease receivable (note 6(f)) | 2,686 | - | 1,306 | - |
| 130x | Inventories (note 6(g)) | 1,122,546 | 25 | 942,599 | 18 |
| 1410 | Prepayments | 28,580 | 1 | 41,077 | 1 |
| 1460 | Non-current assets held for sale, net (note 6(h)) | - | - | 1,602,984 | 31 |
| 1478 | Refundable deposits | 242,701 | 5 | 217,608 | 4 |
| 1479 | Other current assets | 1,803 | - | 130 | - |
| | **Total current assets** | 3,138,786 | 71 | 3,910,948 | 75 |
| 15xx | **Non-current assets:** | | | | |
| 1550 | Investments accounted for under equity method (note 6(i)) | 7,031 | - | 5,443 | - |
| 1600 | Property, plant and equipment (notes 6(m) and 8) | 764,973 | 17 | 773,948 | 15 |
| 1760 | Investment property, net (notes 6(n) and 8) | 520,934 | 12 | 523,700 | 10 |
| 1821 | Intangible assets, net (note 6(o)) | 2,495 | - | 1,537 | - |
| 1840 | Deferred income tax assets (note 6(s)) | 15,057 | - | 14,631 | - |
| 1920 | Refundable deposits | 5 | - | 5 | - |
| 194D | Long-term finance lease receivable (note 6(f)) | 1,226 | - | 1,120 | - |
| | **Total non-current assets** | 1,311,721 | 29 | 1,320,384 | 25 |
| 1xxx | **Total assets** | $ 4,450,507 | 100 | 5,231,332 | 100 |

| | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| 21xx | **Current liabilities:** | | | | |
| 2130 | Current contract liabilities (note 6(w)) | 879,898 | 20 | 1,032,156 | 20 |
| 2150 | Notes payable | - | - | 117,596 | 2 |
| 2170 | Accounts payable (note 7) | 508,169 | 11 | 167,138 | 3 |
| 2200 | Other payables (notes 6(r) and (x)) | 321,601 | 7 | 278,368 | 5 |
| 2230 | Current tax liabilities | 76,635 | 2 | 78,468 | 1 |
| 2250 | Provisions－current (note 6(p)) | 160,796 | 4 | 145,790 | 3 |
| 2260 | Liabilities directly related to non-current assets held for sale (note 6(h)) | - | - | 976,444 | 19 |
| 2300 | Other current liabilities | 19,600 | - | 30,824 | 1 |
| | **Total current liabilities** | 1,966,699 | 44 | 2,826,784 | 54 |
| 25xx | **Non-current liabilities:** | | | | |
| 2570 | Deferred tax liabilities (note 6(s)) | - | - | 942 | - |
| 2640 | Net defined benefit liabilities - non-current (note 6(r)) | 32,490 | 1 | 34,103 | 1 |
| 2670 | Other non-current liabilities (note 6(u)) | 20,270 | - | 8,329 | - |
| | **Total non-current liabilities** | 52,760 | 1 | 43,374 | 1 |
| 2xxx | **Total liabilities** | 2,019,459 | 45 | 2,870,158 | 55 |
| | **Equity (notes 6(h), (j), (k), (l), (t) and (u)):** | | | | |
| 3110 | Ordinary shares | 762,895 | 17 | 743,350 | 14 |
| 3200 | Capital surplus | 401,597 | 9 | 244,425 | 5 |
| 3300 | Retained earnings: | | | | |
| 3310 | Legal reserve | 391,744 | 9 | 341,156 | 7 |
| 3320 | Special reserve | 2,335 | - | 2,335 | - |
| 3350 | Retained earnings | 881,042 | 20 | 694,644 | 13 |
| | | 1,275,121 | 29 | 1,038,135 | 20 |
| 3400 | Other equity interest: | | | | |
| 3420 | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | 86,608 | 2 | 65,315 | 1 |
| 3491 | Other equity, unearned compensation | (95,173) | (2) | (28,101) | (1) |
| | | (8,565) | - | 37,214 | - |
| | **Total equity attributable to shareholders of the company** | 2,431,048 | 55 | 2,063,124 | 39 |
| 36xx | **Non-controlling interests** | - | - | 298,050 | 6 |
| 3xxx | **Total equity** | 2,431,048 | 55 | 2,361,174 | 45 |
| 2-3xxx | **Total liabilities and equity** | $ 4,450,507 | 100 | 5,231,332 | 100 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

### For the years ended December 31, 2023 and 2022

### (Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating revenues (note 6(w))** | $ 2,766,374 | 100 | 2,482,878 | 100 |
| 5000 | **Operating costs (notes 6(g), (m), (p), (r), (u), (x) and 7)** | 1,667,168 | 60 | 1,503,779 | 61 |
| 5900 | **Gross profit from operations** | 1,099,206 | 40 | 979,099 | 39 |
| 6000 | **Operating expenses (notes 6(m), (o), (r), (u), (x) and 7):** | | | | |
| 6100 | Selling expenses | 102,432 | 3 | 82,630 | 3 |
| 6200 | Administrative expenses | 190,496 | 7 | 188,481 | 8 |
| 6300 | Research and development expenses | 185,530 | 7 | 171,100 | 7 |
| | **Total operating expenses** | 478,458 | 17 | 442,211 | 18 |
| 6900 | **Net operating income** | 620,748 | 23 | 536,888 | 21 |
| 7000 | **Non-operating income and expenses (notes 6(c), (f), (i), (k), (n), (p), (q) and (y)):** | | | | |
| 7100 | Interest income | 10,950 | - | 1,821 | - |
| 7010 | Other income | 42,656 | 2 | 48,835 | 2 |
| 7020 | Other gains and losses | 827 | - | (7,074) | - |
| 7050 | Finance costs | (57) | - | (244) | - |
| 7060 | Share of loss of associates and joint ventures accounted for under equity method | 1,588 | - | - | - |
| | **Total non-operating income and expenses** | 55,964 | 2 | 43,338 | 2 |
| 7900 | **Net income before tax** | 676,712 | 25 | 580,226 | 23 |
| 7950 | **Less: Income tax expenses (note 6(s))** | 135,362 | 5 | 117,379 | 5 |
| | **Profit (loss) from continuing operations** | 541,350 | 20 | 462,847 | 18 |
| | **Profit (loss) from discontinued operations:** | | | | |
| 8100 | Profit (loss) from discontinued operations, net of tax (notes 6(k), 7 and 12(b)) | 82,930 | 3 | 67,758 | 3 |
| | **Net income** | 624,280 | 23 | 530,605 | 21 |
| 8300 | **Other comprehensive income (loss):** | | | | |
| 8310 | **Items that will not be reclassified subsequently to profit or loss: (notes 6(n), (o), (s) and (t))** | | | | |
| 8311 | Gain (losses) on remeasurements of defined benefit plans | (12) | - | 9,639 | 1 |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 21,293 | 1 | (42,751) | (2) |
| 8349 | Less: income tax related to items that will not be reclassified to profit or loss | - | - | 1,928 | - |
| 8300 | **Other comprehensive income (loss), net of tax** | 21,281 | 1 | (35,040) | (1) |
| 8500 | **Total comprehensive income** | **$ 645,561** | **24** | **495,565** | **20** |
| | **Net income attributable to:** | | | | |
| 8610 | Shareholders of the parent | $ 607,883 | 22 | 497,064 | 20 |
| 8620 | Non-controlling interests | 16,397 | 1 | 33,541 | 1 |
| | | **$ 624,280** | **23** | **530,605** | **21** |
| | **Total comprehensive income attributable to:** | | | | |
| 8710 | Shareholders of the parent | $ 629,164 | 23 | 462,024 | 19 |
| 8720 | Non-controlling interests | 16,397 | 1 | 33,541 | 1 |
| | | **$ 645,561** | **24** | **495,565** | **20** |
| | **Earnings per share (note 6(v)):** | | | | |
| 9710 | Basic earnings per share from continuing operations | $ | 7.45 | | 6.40 |
| 9720 | Basic earnings per share from discontinued operations | | 0.92 | | 0.46 |
| | Total basic earnings per share | **$** | **8.37** | | **6.86** |
| 9810 | Diluted earnings per share from continuing operations | $ | 7.28 | | 6.27 |
| 9820 | Diluted earnings per share from discontinued operations | | 0.89 | | 0.45 |
| | Total diluted earnings per share | **$** | **8.17** | | **6.72** |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

# DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

## For the years ended December 31, 2023 and 2022

## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings | | | | Total other equity interest | | | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Total | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Unearned compensation | Total other equity interest | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
| **Balance at January 1, 2022** | $ 708,851 | 242,231 | 299,168 | 2,335 | 549,705 | 851,208 | 108,066 | (47,937) | 60,129 | 1,862,419 | 205,222 | 2,067,641 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 41,988 | - | (41,988) | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (283,516) | (283,516) | - | - | - | (283,516) | - | (283,516) |
| Stock dividends of ordinary share | 35,439 | - | - | - | (35,439) | (35,439) | - | - | - | - | - | - |
| Net income | - | - | - | - | 497,064 | 497,064 | - | - | - | 497,064 | 33,541 | 530,605 |
| Other comprehensive income | - | - | - | - | 7,711 | 7,711 | (42,751) | - | (42,751) | (35,040) | - | (35,040) |
| Total comprehensive income | - | - | - | - | 504,775 | 504,775 | (42,751) | - | (42,751) | 462,024 | 33,541 | 495,565 |
| Disposal of subsidiaries or investments accounted for using equity method | - | - | - | - | - | - | - | - | - | - | (2,988) | (2,988) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 497 | - | - | - | - | - | - | - | 497 | 74,693 | 75,190 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (12,418) | (12,418) |
| Remuneration costs of restricted stock for employees | - | 757 | - | - | 1,107 | 1,107 | - | 19,836 | 19,836 | 21,700 | - | 21,700 |
| Cancellation of restricted stock for employees | (940) | 940 | - | - | - | - | - | - | - | - | - | - |
| **Balance at December 31, 2022** | 743,350 | 244,425 | 341,156 | 2,335 | 694,644 | 1,038,135 | 65,315 | (28,101) | 37,214 | 2,063,124 | 298,050 | 2,361,174 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 50,588 | - | (50,588) | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (371,615) | (371,615) | - | - | - | (371,615) | - | (371,615) |
| Net income | - | - | - | - | 607,883 | 607,883 | - | - | - | 607,883 | 16,397 | 624,280 |
| Other comprehensive income | - | - | - | - | (12) | (12) | 21,293 | - | 21,293 | 21,281 | - | 21,281 |
| Total comprehensive income | - | - | - | - | 607,871 | 607,871 | 21,293 | - | 21,293 | 629,164 | 16,397 | 645,561 |
| Disposal of subsidiaries or investments accounted for using equity method | - | (1,633) | - | - | - | - | - | - | - | (1,633) | (302,029) | (303,662) |
| Share-based payments | 20,000 | 158,350 | - | - | - | - | - | (89,175) | (89,175) | 89,175 | - | 89,175 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (12,418) | (12,418) |
| Remuneration costs of restricted stock for employees | - | - | - | - | 730 | 730 | - | 22,103 | 22,103 | 22,833 | - | 22,833 |
| Cancellation of restricted stock for employees | (455) | 455 | - | - | - | - | - | - | - | - | - | - |
| **Balance at December 31, 2023** | $ 762,895 | 401,597 | 391,744 | 2,335 | 881,042 | 1,275,121 | 86,608 | (95,173) | (8,565) | 2,431,048 | - | 2,431,048 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Cash Flows

### For the years ended December 31, 2023 and 2022

### (Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Profit from continuing operations before tax** | $ 676,712 | 580,226 |
| **Profit from discontinued operations before tax** | 90,879 | 86,361 |
| **Net income before tax** | 767,591 | 666,587 |
| **Adjustments:** | | |
| Adjustments to reconcile profit or loss: | | |
| Depreciation | 19,650 | 31,375 |
| Amortization | 5,981 | 11,210 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (1,287) | 3,548 |
| Interest expense | 1,853 | 4,714 |
| Interest income | (12,682) | (6,665) |
| Dividend income | (12,740) | (12,461) |
| Share-based payments | 22,833 | 21,700 |
| Share of loss of associates accounted for under equity method | (1,588) | - |
| Loss on disposal of property, plant and equipment | (20) | (116) |
| Gain on disposal of investments accounted for using equity method | (51,134) | (2,560) |
| Impairment loss on investment property | - | 11,750 |
| Others | - | 44,639 |
| Total adjustments to reconcile profit | (29,134) | 107,134 |
| Changes in assets / liabilities relating to operating activities: | | |
| Net changes in operating assets: | | |
| Contract assets | 16,535 | (90,417) |
| Notes receivable | 797 | (184) |
| Accounts receivable | (125,797) | (72,766) |
| Other receivables | - | 6,423 |
| Inventories | (234,387) | (25,128) |
| Prepayments | 65,236 | (31,742) |
| Other current assets | 6,644 | (24,977) |
| Total changes in operating assets, net | (270,972) | (238,791) |
| Net changes in operating liabilities: | | |
| Contract liabilities | (144,035) | 41,267 |
| Notes payable | 262,583 | 213,463 |
| Other payables | 47,340 | 36,652 |
| Provisions | 15,006 | (29,007) |
| Other current liabilities | 21,846 | 7,189 |
| Net defined benefit liability | (1,625) | (1,535) |
| Total changes in operating liabilities, net | 201,115 | 268,029 |
| Total changes in operating assets / liabilities, net | (69,857) | 29,238 |
| Total adjustments | (98,991) | 136,372 |
| Cash provided by operating activities | 668,600 | 802,959 |
| Interest income received | 12,682 | 6,665 |
| Payments of interest | (1,853) | (4,714) |
| Income tax paid | (158,493) | (128,065) |
| **Net cash provided by operating activities** | 520,936 | 676,845 |
| **Cash flows from investing activities:** | | |
| Acquisition of financial assets at fair value through other comprehensive income | (331) | - |
| Acquisition of financial assets at amortized cost | - | (89,071) |
| Proceeds from disposal of financial assets at amortized cost | 89,741 | 112,491 |
| Acquisition of financial assets designated at fair value through profit or loss | (2,000) | - |
| Proceeds from disposal of financial assets designated at fair value through profit or loss | 6,975 | - |
| Proceeds from disposal of subsidiaries | 309,865 | 12 |
| Acquisition of property, plant and equipment | (6,047) | (11,913) |
| Proceeds from disposal of property, plant and equipment | 40 | 1,502 |
| Increase in refundable deposits | (38,821) | (2,636) |
| Acquisition of intangible assets | (3,998) | (2,972) |
| Decrease in long-term finance lease receivables | 4,467 | 28,821 |
| Dividends received | 12,740 | 12,461 |
| **Net cash provided by investing activities** | 372,631 | 48,695 |
| **Cash flows from financing activities:** | | |
| Decrease in short-term loans | (72,000) | (65,276) |
| Decrease in short-term notes and bills payable | 29,987 | (4,551) |
| Proceeds from long-term debt | - | 65,276 |
| Repayments of long-term debt | (10,651) | (31,876) |
| Increase in guarantee deposits received | - | 104 |
| Payment of lease liabilities | (194) | (1,685) |
| Cash dividends paid | (371,615) | (283,516) |
| Proceeds from restricted shares for employees | 102,500 | - |
| Disposal of ownership interests in subsidiaries (without losing control) | - | 79,002 |
| Changes in non-controlling interests | - | (12,418) |
| Cancellation of restricted shares for employees | (1,384) | (2,858) |
| **Net cash used in financing activities** | (323,357) | (257,798) |
| **Net increase in cash and cash equivalents** | 570,210 | 467,742 |
| **Cash and cash equivalents at beginning of period** | 536,732 | 68,990 |
| **Cash and cash equivalents at end of period** | $ 1,106,942 | 536,732 |
| **Components of cash and cash equivalents** | | |
| Cash and cash equivalents reported in the statement of financial position | $ 1,106,942 | 473,554 |
| Cash and cash equivalent reclassified to non-current assets held for sale | - | 63,178 |
| **Cash and cash equivalents at end of period** | $ 1,106,942 | 536,732 |

See accompanying notes to consolidated financial statements.

## (1) Company history

DIMERCO DATA SYSTEM CORPORATION (the Company) was incorporated in November 1981 as a company limited by shares under the laws of the Republic of China (ROC). The Company is registered at 8th Floor, No. 151, Xing'ai Rd., Neihu Dist., Taipei City, Taiwan. The consolidated financial statements for the year ended December 31, 2022 comprised the Company and its subsidiaries (the Group). The Group is mainly engaged in the design, development and sales of various computer software, the agency and sales of computer hardware equipment, computer data processing services, computer information consulting business and computer leasing, etc.

The Company was approved as a listed company by the Securities and Futures Regulatory Commission of the Ministry of Finance on August 16, 1999, and officially listed for trading on October 15, 1999.

## (2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and published on March 7, 2024.

## (3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material policies**

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the IFRSs, IASs, IFRIC, and SIC endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary on significant accounting policies).

(ii) Functional and reporting currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup transactions and balances, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies to align with those used by the Group.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

| | | | Percentage of ownership | | |
|---|---|---|---|---|---|
| **Name of investor** | **Name of subsidiary** | **Principal activity** | **December 31, 2023** | **December 31, 2022** | **Remarks** |
| The Company | High Performance Information Co. Ltd. (High Performance) | Sales and lease of information related products as well as setup hardware and maintenance service | - % | 48.43 % | |

(Continued)

On April 7, 2022, the Board of Directors of the Company has resolved to sell all the shares of High Performance. As of December 31, 2022, the Group's shareholding ratio was reduced to 48.43%, and the Group was still the single largest legal shareholder with controlling power. As the remaining 51.57% shareholding was owned by various individual shareholders and were not related parties of the Company, after considering the controlling power of other shareholders, the Company still had the ability to control and direct the operation of High Performance, hence the Company accounted the investee as a subsidiary. As the Group expects to complete the disposal process within 12 months, all investments in the subsidiary are reclassified as noncurrent assets held for sale. The Group has fully disposed the investee in June 2023.

(d) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, on initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, long-term financial lease receivable, and refundable deposit).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers a financial asset to be in default when the financial asset is more than 1 years past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(Continued)

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all necessary costs incurred in bringing the inventories to a condition and location ready for sale or production and is calculated using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group' s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed, or is classifies as held for sale, and

1) represents a separate major line of business or geographic area of operations;

2) is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or

3) is a subsidiary acquired exclusively with a view to resale.

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Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit or loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses equals or exceeds its interests in an associate, it discontinues recognizing further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | |
|---|---|
| Buildings | 5~55 years |
| Transportation equipment | 5 years |
| Office equipment | 3~5 years |
| Other equipment | 3~7 years |

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Intangible assets

The Group's intangible assets are primarily outsourced software. Amortization is measured at cost less accumulated amortization and any accumulated impairment losses, and is recognized in profit or loss on a straight-line basis over the estimated useful lives(1~3 years) of intangible assets from the date that they are available for use.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in accounting estimates.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

When the Group is the lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

(Continued)

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets, including its office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines, at lease commencement, whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental income.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred income tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(Continued)

## DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group sells and purchases computer hardware equipment and recognizes revenue when control of the products has been transferred. The control of the products has been transferred when the products are delivered to the customer, the Group is no longer engaged in the management of the products and does not maintain effective control over the products the customer accepts the products according to the sales contract or there is objective evidence that all acceptance terms have been met.

At the time of sale, the Group renders the standard warranty stated in the agreement, which is recognized as a provision for warranty liabilities.

(Continued)

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has the unconditional right to receive the consideration.

(i) Services

The Group provides software design, system maintenance, installation and integration services, and recognizes revenue in the accounting period in which the services are rendered. For the performance obligations gradually met over time, the revenue is recognized based on the proportion of actual services provided to the total services to be provided as of the reporting date, which is determined by the actual number of labor hours relative to the expected total number of hours. However, if the Group cannot reasonably measure the result of the performance obligation, but the Group expects to recover the incurred cost of meeting the performance obligation, in such cases, the Group only recognizes the revenue within the scope of the incurred cost before reasonably measuring the result of the performance obligation.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

(Continued)

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Share-based payment

Restricted stock for employees is based on the fair value of equity instruments on grant day and the best estimate of the number of shares expected to be vested. The expenses are recognized on a straight-line basis over the vesting period, and other equity is adjusted at the same time (Unearned compensation of employees). If vested at grant date, the expense is recognized in full at the same date. When the Group issues the restricted stock for employees, the date on which the number of shares subscribed by employees is confirmed shall be the grant date.

When the Group issues restricted stock for employees, it shall recognize other equity (Unearned compensation of employees) on the grant date, and adjust the capital reserve - restricted stock for employees . If the restricted stock for employees is issued for compensation, and it is agreed that the price shall be returned when the employee leaves the Group, the relevant receivable shall be recognized. If the employee leaves the Group within the vesting period and does not need to return the dividends received, the expenses shall be recognized when the dividend is declared and the retained earnings and capital reserves - restricted stock for employees shall be adjusted at the same time.

The Group revises on each balance sheet date the estimated number of vested restricted stock for employees. If the original estimate is revised, the effect is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the capital reserve - restricted stock for employees.

(t) Income tax

Income tax expenses include both current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current taxes include tax payables or receivables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Deferred taxes are recognized expect for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred income tax are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred income tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reevaluated at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The number of share outstanding is decreased when the Company repurchases treasury stock. The weighted average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid in capital.

(Continued)

Dilutive potential ordinary shares comprise restricted stock for employees as well as employee compensation not yet approved by the Board of Directors. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. It has been identified that the Group has only one reportable segment.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Revenue recognition of software design

When the Group cannot reliably estimate the result of a software design service contract, contract revenue is recognized only to the extent that contract costs incurred are expected to be recovered, and contract costs are recognized as expenses in the period in which they are incurred. If the total contract cost is likely to exceed the total contract revenue, all anticipated losses are immediately recognized as expenses. Because the results of the contract cannot be reliably estimated, the revenue calculation may vary from each period.

There are no major assumptions and estimation uncertainties that might have a significant risk of resulting in a material adjustment within the next financial year.

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

## (6) Explanation of significant accounts

(a) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand | $ 55 | 45 |
| Checks and demand deposits in banks | 56,139 | 153,951 |
| Time deposits | 107,468 | - |
| Cash equivalent | 943,280 | 319,558 |
| Cash and cash equivalents per statements of cash flow | **$ 1,106,942** | **473,554** |

Time deposits with the maturity date within 3 months that are held for the purpose of meeting short-term cash commitments rather than for investment, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value are classified under cash and cash equivalent.

Please refer to note 6(z) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Mandatorily measured at fair value through profit or loss: | | |
| Non-derivative financial assets | | |
| Domestic listed stocks | $ - | 5,884 |
| Open-end fund | 2,196 | - |
| Total | **$ 2,196** | **5,884** |

Please refer to note 6(y) for the gains or losses on financial assets and liabilities remeasured at fair value through profit or loss.

As of December 31, 2023 and 2022, the Group did not provide the financial assets as collateral.

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Equity investments at fair value through other comprehensive income: | | |
| Domestic listed stock | **$ 112,951** | **91,327** |

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

(Continued)

For the years ended December 31, 2023 and 2022, the dividends of $12,641 thousand and $12,211 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

No equity investments were disposed for the years ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss related to these investments within equity.

(ii) For credit risk and market risk, please refer to note 6(z).

(iii) The Group did not provide the financial assets as collateral.

(d) Financial assets measured at amortized cost

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits | $ 28,889 | 118,630 |
| Interest rate (%) | 1.16% | 0.37%~5.00% |

(i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(ii) For credit risk, please refer to note 6(z) ◦

(iii) The Group's financial assets measured at amortized cost were pledged as collateral, please refer to note 8.

(e) Notes and accounts receivable

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable | $ 177 | 830 |
| Accounts receivable | 122,057 | 106,068 |
| Less: allowance for impairment | 2,816 | 2,816 |
| | $ 119,418 | 104,082 |

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

| | December 31, 2023 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average expected credit loss rate** | **Loss allowance provision** |
| Current | $ 106,439 | - | - |
| 1 to 30 days past due | 10,072 | - | - |
| 31 to 60 days past due | 5,090 | - | - |
| Past due over 120 days | 633 | 100% | 633 |
| | **$ 122,234** | | **633** |

| | December 31, 2022 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average expected credit loss rate** | **Loss allowance provision** |
| Current | $ 96,543 | - | - |
| 1 to 30 days past due | 9,946 | - | - |
| 31 to 60 days past due | 154 | - | - |
| 61 to 90 days past due | 54 | - | - |
| 91 to 120 days past due | 198 | 40% | 79 |
| Past due over 120 days | 3 | 100% | 3 |
| | **$ 106,898** | | **82** |

The movement in the allowance for accounts receivable was as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance at end of the period (balance at beginning of the period) | **$ 2,816** | **2,816** |

The Group does not hold any collateral for the collected amounts.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(f) Finance lease receivable

A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Less than one year | $ 2,813 | 1,364 |
| One to two years | 1,257 | 1,136 |
| Total finance lease receivable | 4,070 | 2,500 |
| Unearned finance income | (158) | (74) |
| Present value of finance lease receivable | **$ 3,912** | **2,426** |
| Current | **$ 2,686** | **1,306** |
| Non-current | **$ 1,226** | **1,120** |

During the lease term, the implied interest rate of the lease is determined on the contract date and does not change. As of December 31, 2023 and 2022, the implied interest rate of finance lease is 3.14%~5.00% per annum and 3.14%~6.00% per annum, respectively.

The loss allowance of finance lease receivable should be measured according to the expected credit loss during its existence. By the reporting date, there was no overdue and uncollected finance lease receivable. In addition, considering the counterparty's past default record and the future development of the leasing target industry, the Group believed that the above finance lease receivable had not been impaired.

(g) Inventories

The components of the Group's inventories were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Merchandise inventory | **$ 1,122,546** | **942,599** |

The Group's inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

| | 2023 | 2022 |
|---|---|---|
| Loss on decline in market value of inventory (gain from recovery of market value of inventory) | **$ (58)** | **544** |

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(h) Non-current assets held for sale

The Board of Directors of the Company has decided on April 7, 2022, to sell all the shares of High Performance at $21 to $28 per share. Subsequently, 3,332 thousand shares were sold for $79,002 thousand in April 2022. After the sale, the Company's shareholding ratio was reduced from 62.27% to 48.43%, and it was still the single largest legal shareholder with controlling power. As the Company expected to complete the disposal process within 12 months, the assets and liabilities of the subsidiary were reclassified as noncurrent assets held for sale, which were presented separately in the consolidated balance sheet. The disposal proceeds were expected to exceed the carrying value of the net asset of the subsidiary, hence, no impairment loss was recognized when reclassifying such subsidiary as noncurrent assets held for sale. The Company completed the sale of the remaining shares in June 2023 and lost control of High Performance, please refer to note 6(k) for more information.

| | | **2022.12.31** |
|---|---|---|
| Cash | $ | 63,178 |
| Current financial assets at amortized cost, net | | 1,014 |
| Contract assets－current | | 75,292 |
| Notes receivable | | 473 |
| Accounts receivable | | 403,152 |
| Finance lease receivable | | 59,653 |
| Inventories | | 174,607 |
| Prepayments | | 119,991 |
| Other current assets | | 26,113 |
| Non-current financial assets at amortized cost, net | | 5,100 |
| Property, plant and equipment | | 455,818 |
| Goodwill | | 47,871 |
| Other intangible assets | | 50,317 |
| Deferred income tax assets | | 5,616 |
| Long-term finance lease receivable | | 76,596 |
| Other non-current assets | | 38,193 |
| Total Non-current assets held for sale | **$** | **1,602,984** |

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | 2022.12.31 |
|---|---|
| Short-term borrowings | $ 110,000 |
| Current contract liabilities | 55,433 |
| Notes payable and accounts receivable | 542,325 |
| Other payables | 71,791 |
| Current tax liabilities | 19,960 |
| Current lease liabilities | 194 |
| Long term borrowings－current portion | 25,650 |
| Other current liabilities | 11,590 |
| Contract liabilities－non-current | 6,446 |
| Long-term borrowings | 111,233 |
| Deferred tax liabilities | 21,668 |
| Other non-current liabilities | 154 |
| Liabilities directly related to non-current assets held for sale | **$ 976,444** |

(i) Investments accounted for under the equity method

A summary of the Group’s financial information for investments accounted for using the equity method at the reporting date is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Associates | **$ 7,031** | **5,443** |

(i) Associates

The Group’s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amount of individually insignificant associates' equity | **$ 7,031** | **5,443** |

| | 2023 | 2022 |
|---|---|---|
| Attributable to the Group: | | |
| Profit from continuing operations | $ 1,588 | - |
| Other comprehensive income | - | - |
| Total comprehensive income | **$ 1,588** | **-** |

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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The Group disposed of 1,000 thousand shares of Dimwave Fintech Ltd. on December 30, 2022. As a result, its shareholding in the company was reduced from 80% to 30% and hence lost its control. Therefore, the company has been listed as an associate from December 30, 2022. Please refer to note 6(k).

(ii) Collateral

As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using the equity method as collaterals.

(j) Changes in a parent's ownership interest in a subsidiary

| | 2022 |
|---|---|
| Consideration received from non controlling interests | $ 79,002 |
| The carrying value of the subsidiary | (74,693) |
| Tax expenses directly charged to equity | (3,812) |
| Capital surplus differences between consideration and carrying amounts subsidiaries acquired/disposed | **$ 497** |

(k) Loss control of subsidiaries

(i) In June 2023, the Company disposed the remaining shareholdings in High Performance for $381,008 thousand and as such, the Company lost the control in High Performance. As a result, a gain of $51,134 thousand from the disposition was recognized and recorded under the discontinued operations. The gain from the disposition included the reversal of capital surplus by the Company－the change in the net equity value of associates recognized using the equity method of $1,633 thousand.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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At the time of the disposition, the carrying value of the assets and liabilities of High Performance is as follows:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 71,143 |
| Current financial assets at amortized cost, net | | 1,014 |
| Contract assets－current | | 450 |
| Notes receivable | | 329 |
| Accounts receivable | | 512,960 |
| Finance lease receivable | | 130,296 |
| Inventories | | 229,047 |
| Prepayments | | 67,252 |
| Other current assets | | 17,796 |
| Non-current financial assets at amortized cost, net | | 5,100 |
| Property, plant and equipment | | 455,285 |
| Goodwill | | 47,871 |
| Other intangible assets | | 47,376 |
| Deferred income tax assets | | 5,616 |
| Other non-current assets | | 51,921 |
| Short-term borrowings | | (38,000) |
| Commercial paper payable | | (29,987) |
| Current contract liabilities | | (58,419) |
| Notes payable and accounts receivable | | (581,473) |
| Other payables | | (89,665) |
| Current tax liabilities | | (8,483) |
| Other current liabilities | | (44,660) |
| Contract liabilities－non-current | | (11,683) |
| Long-term borrowings | | (126,232) |
| Deferred tax liabilities | | (21,164) |
| Other non-current liabilities | | (154) |
| Carrying amount of net assets | **$** | **633,536** |
| Net assets attributable to: | | |
| The Company | $ | 331,507 |
| Non-controlling interests | | 302,029 |
| | **$** | **633,536** |

(ii) The Company disposed of 50% shares of Dimwave Fintech Ltd. on December 30, 2022, for $9,073 thousand and lost control thereof. A disposal gain of $2,560 thousand was recognized and recorded under other gains and losses. The aforementioned gain included a gain of $960 thousand recognized due to the measurement of the remaining 30% of the shareholding in the investee using the fair market value of $5,443 thousand as of December 30, 2022.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

At the time of the disposition, the carrying value of the assets and liabilities of Dimwave Fintech Ltd.is as follows:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 9,061 |
| Current financial assets at amortized cost, net | | 1,731 |
| Accounts receivable | | 3,678 |
| Inventories | | 4,906 |
| Prepayments | | 1,512 |
| Other current assets | | 307 |
| Property, plant and equipment | | 256 |
| Deferred income tax assets | | 1,195 |
| Current contract liabilities | | (4,429) |
| Accounts receivable | | (813) |
| Other payables | | (1,671) |
| Provision | | (630) |
| Other current liabilities | | (159) |
| Carrying amount of net assets | **$** | **14,944** |
| Net assets attributable to: | | |
| The Company | $ | 11,956 |
| Non-controlling interests | | 2,988 |
| | **$** | **14,944** |

(l) Material non-controlling interests of subsidiaries

| **Name of subsidiary** | **Main operating location / country of registration** | **Ownership and voting right percentage December 31, 2023** | **Ownership and voting right percentage December 31, 2022** |
|---|---|---|---|
| High Performance | New Taipei City | - % | 51.57 % |

The Group fully disposed of High Performance in June 2023, please refer to note 4(c) for relevant information.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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The following information of the aforementioned subsidiaries is prepared in accordance with the IFSs endorsed by the FSC. Included in this information are the fair value adjustments and adjustments for differences in accounting policies made by the Group at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) High Performance collective financial information

| | December 31, 2022 |
|---|---|
| Current assets | $ 923,771 |
| Non-current assets | 679,511 |
| Current liabilities | (837,958) |
| Non-current liabilities | (139,502) |
| Net assets | **625,822** |
| Non-controlling interests | **$ 298,050** |

| | January to May 2023 | 2022 |
|---|---|---|
| Sales revenue | **$ 888,104** | **1,986,692** |
| Net income | $ 31,795 | 67,758 |
| Other comprehensive income | - | - |
| Comprehensive income | **$ 31,795** | **67,758** |
| Profit, attributable to non-controlling interests | **$ 16,397** | **34,193** |
| Comprehensive income, attributable to non-controlling interests | **$ 16,397** | **34,193** |

| | 2023 | 2022 |
|---|---|---|
| Net cash flows from operating activities | $ 71,681 | (102,547) |
| Net cash flows from investing activities | (10,858) | 122,118 |
| Net cash flows from financing activities | (52,858) | 17,763 |
| Net increase in cash and cash equivalents | **$ 7,965** | **37,334** |
| Dividends paid to non-controlling interest | **$ 12,418** | **12,418** |

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(m) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

| | Land | Buildings | Transportation equipment | Office equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|
| Cost and deemed cost: | | | | | | |
| Balance as of January 1, 2023 | $ 581,194 | 273,959 | 7,742 | 18,381 | - | 881,276 |
| Additions | - | - | - | 2,924 | - | 2,924 |
| Disposals | - | (35,159) | - | (3,971) | - | (39,130) |
| Balance as of December 31, 2023 | **$ 581,194** | **238,800** | **7,742** | **17,334** | **-** | **845,070** |
| Balance as of January 1, 2022 | $ 962,918 | 342,634 | 21,026 | 21,980 | 50,928 | 1,399,486 |
| Disposal of subsidiaries | - | - | - | (794) | - | (794) |
| Additions | - | 2,159 | 2,485 | 6,079 | 302 | 11,025 |
| Disposals | - | - | (2,885) | (4,568) | (534) | (7,987) |
| Reclassification | - | - | - | 27 | 934 | 961 |
| Reclassification to non current asset held for sale | (381,724) | (70,834) | (12,884) | (4,343) | (51,630) | (521,415) |
| Balance as of December 31, 2022 | **$ 581,194** | **273,959** | **7,742** | **18,381** | **-** | **881,276** |
| Depreciation: | | | | | | |
| Balance as of January 1, 2023 | $ - | 93,114 | 4,197 | 10,017 | - | 107,328 |
| Depreciation | - | 6,308 | 1,290 | 4,301 | - | 11,899 |
| Disposals | - | (35,159) | - | (3,971) | - | (39,130) |
| Balance as of December 31, 2023 | **$ -** | **64,263** | **5,487** | **10,347** | **-** | **80,097** |
| Balance as of January 1, 2022 | $ - | 100,806 | 11,434 | 12,815 | 32,357 | 157,412 |
| Disposal of subsidiaries | - | - | - | (538) | - | (538) |
| Depreciation | - | 8,523 | 1,776 | 4,619 | 2,048 | 16,966 |
| Disposals | - | - | (1,624) | (4,452) | (534) | (6,610) |
| Reclassification to non current asset held for sale | - | (16,215) | (7,389) | (2,427) | (33,871) | (59,902) |
| Balance as of December 31, 2022 | **$ -** | **93,114** | **4,197** | **10,017** | **-** | **107,328** |
| Carrying value: | | | | | | |
| December 31, 2023 | **$ 581,194** | **174,537** | **2,255** | **6,987** | **-** | **764,973** |
| December 31, 2022 | **$ 581,194** | **180,845** | **3,545** | **8,364** | **-** | **773,948** |
| January 1, 2022 | **$ 962,918** | **241,828** | **9,592** | **9,165** | **18,571** | **1,242,074** |

As of December 31, 2023 and 2022, the Group's property, plant and equipment were provided as pledged assets for the short-term borrowing facilities; please refer to note 8.

(n) Investment property

| | Land | Buildings | Total |
|---|---|---|---|
| Cost or deemed cost: | | | |
| Balance at December 31, 2023 (Balance at January 1, 2023) | **$ 408,010** | **153,360** | **561,370** |
| Balance at December 31, 2022 (Balance as at January 1, 2022) | **$ 408,010** | **153,360** | **561,370** |

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | Land | Buildings | Total |
|---|---|---|---|
| Depreciation and impairment loss: | | | |
| Balance at January 1, 2023 | $ - | 37,670 | 37,670 |
| Depreciation | - | 2,766 | 2,766 |
| Balance at December 31, 2023 | **$ -** | **40,436** | **40,436** |
| Balance at January 1, 2022 | $ - | 23,092 | 23,092 |
| Depreciation | - | 2,828 | 2,828 |
| Impairment loss | - | 11,750 | 11,750 |
| Balance at December 31, 2022 | **$ -** | **37,670** | **37,670** |
| Carrying value: | | | |
| Balance at December 31, 2023 | **$ 408,010** | **112,924** | **520,934** |
| Balance at December 31, 2022 | **$ 408,010** | **115,690** | **523,700** |
| Balance at January 1, 2022 | **$ 408,010** | **130,268** | **538,278** |
| Fair value: | | | |
| Balance at December 31, 2023 | | | **$ 523,700** |
| Balance at December 31, 2022 | | | **$ 523,700** |
| Balance at January 1, 2022 | | | **$ 547,600** |

Investment property is commercial property that is leased to third parties. Each of the lease agreement contains an initial noncancellable period of 1~5 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to note 6(q) for further information.

The Group expected the future economic benefits of the investment property to decrease due to the decline in the store value where the investment property was located. As a result, the recoverable amount of $523,700 thousand was less than the carrying value, so an impairment loss of $11,750 thousand was recognized in 2022. The impairment loss was recorded under Other gains and losses. After assessment, no additional impairment loss should be recognized for the year ended December 31, 2023.

The fair value of investment property is based on a valuation by an independent appraiser who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The parameters used in the fair value valuation technique belong to the third level of the hierarchy. The fair value valuation is performed using the income approach.

The investment property of the Group is located at Neihu Dist., Taipei City, Taiwan. The yield rate used for both 2023 and 2022 was 2.22%.

As of December 31, 2023 and 2022, the Group's investment property was pledged as collateral for the short-term borrowing facilities; please refer to note 8.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(o) Intangible assets

The cost, amortization and impairment loss of intangible assets were as follows:

| | | Industrial capital contribution | Computer software expense | Goodwill | Total |
|---|---|---|---|---|---|
| Cost: | | | | | |
| Balance as of January 1, 2023 | $ | - | 20,679 | - | 20,679 |
| Addition | | - | 3,998 | - | 3,998 |
| Balance as of December 31, 2023 | **$** | **-** | **24,677** | **-** | **24,677** |
| Balance as of January 1, 2022 | $ | 62,000 | 20,806 | 42,871 | 125,677 |
| Addition | | - | 1,769 | - | 1,769 |
| Reclassification | | - | 1,033 | - | 1,033 |
| Reclassification to non current asset held for sale | | (62,000) | (2,929) | (42,871) | (107,800) |
| Balance as of December 31, 2022 | **$** | **-** | **20,679** | **-** | **20,679** |
| Amortization and impairment loss: | | | | | |
| Balance as of January 1, 2023 | $ | - | 19,142 | - | 19,142 |
| Amortization | | - | 3,040 | - | 3,040 |
| Balance as of December 31, 2023 | **$** | **-** | **22,182** | **-** | **22,182** |
| Balance as of January 1, 2022 | $ | 6,717 | 17,260 | - | 23,977 |
| Amortization | | 3,100 | 2,823 | - | 5,923 |
| Reclassification to non current asset held for sale | | (9,817) | (941) | - | (10,758) |
| Balance as of December 31, 2022 | **$** | **-** | **19,142** | **-** | **19,142** |
| Carrying amounts: | | | | | |
| December 31, 2023 | **$** | **-** | **2,495** | **-** | **2,495** |
| January 1, 2022 | **$** | **55,283** | **3,546** | **42,871** | **101,700** |
| December 31, 2022 | **$** | **-** | **1,537** | **-** | **1,537** |

(i) The amortization of intangible assets were follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Operating expenses | **$** | **3,040** | **1,882** |

(ii) Impairment Loss

The Group acquired High Performance on December 1, 2020 and recognized a goodwill of $47,871 thousand. The Group resolved to dispose High Performance in April 2022 and reclassified it to non-current assets held for sale.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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(p) Provisions

| | | Warranties |
|---|---|---|
| January 1, 2023 | $ | 145,790 |
| Provisions made during the year | | 45,767 |
| Provisions used during the year | | (12,389) |
| Provisions reversal during the year | | (18,372) |
| December 31, 2023 | **$** | **160,796** |
| January 1, 2022 | $ | 126,071 |
| Provisions made during the year | | 48,727 |
| Provisions used during the year | | (29,008) |
| December 31, 2022 | **$** | **145,790** |

Provisions were estimated based on the historical data on warranties on merchandise and services, which are mainly associated with the Group's sales of goods and services. The Group expects to incur the liability within the warranty period.

(q) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(n) for the information of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

| | | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Less than one year | $ | 12,115 | 12,024 |
| One to two years | | 11,256 | 2,185 |
| Two to three years | | 11,256 | - |
| Three to four years | | 11,256 | - |
| Four to five years | | 13,132 | - |
| Total undiscounted lease payments | **$** | **59,015** | **14,209** |

Rental income from investment properties was $14,310 thousand and $14,801 thousand for the years ended December 31, 2023 and 2022, respectively.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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(r) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| The present value of the defined benefit obligations | $ 120,550 | 118,192 |
| Fair value of plan assets | (88,060) | (84,089) |
| The net defined benefit liability | **$ 32,490** | **34,103** |

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $88,060 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit obligation were as follows:

| | 2023 | 2022 |
|---|---|---|
| Defined benefit obligation at January 1 | $ 118,192 | 124,879 |
| Current service costs | 135 | 307 |
| Current interest | 1,477 | 771 |
| Remeasurements of the net defined benefit liability | | |
| Actuarial profits - Financial assumptions change | - | (3,938) |
| Actuarial Loss - Experience adjustments | 746 | 809 |
| Benefits paid by the plan | - | (4,636) |
| Defined benefit obligation at December 31 | **$ 120,550** | **118,192** |

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

3) Movement of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Fair value of plan assets at January 1 | $ | 84,089 | 79,602 |
| Interest revenue | | 1,065 | 495 |
| Return on plan assets (Except for the amount included in net interest) | | 734 | 6,510 |
| Employer allocates | | 2,172 | 2,118 |
| Benefits paid by the plan | | - | (4,636) |
| Fair value of plan assets, December 31 | **$** | **88,060** | **84,089** |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Current service cost | $ | 135 | 307 |
| Net interest on the defined benefit liability | | 412 | 276 |
| | **$** | **547** | **583** |

| | | 2023 | 2022 |
|---|---|---|---|
| Operating costs | $ | 342 | 362 |
| Selling expenses | | 34 | 38 |
| Administration expenses | | 37 | 41 |
| Research and development expenses | | 134 | 142 |
| Total | **$** | **547** | **583** |

5) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting dates:

| | 2023.12.31 | 2022.12.31 |
|---|---|---|
| Discount rate | 1.250 % | 1.250 % |
| Future salary increases rate | 2.500 % | 2.500 % |

The Group expects to make contributions of $2,230 thousand to its defined benefit plans in the following year starting from the reporting date of 2023.

The weighted average duration of the defined benefit plans is 8.0 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2023 and 2022, the present value of defined benefit obligation impact was as follow:

| | The impact on defined benefit obligation | |
|---|---|---|
| | **Increase 0.25%** | **Decrease 0.25%** |
| December 31, 2023 | | |
| Discount rate | $ (2,336) | 2,408 |
| Future salary increase rate | 2,338 | (2,279) |
| December 31, 2022 | | |
| Discount rate | (2,469) | 2,551 |
| Future salary increase rate | 2,475 | (2,408) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were $16,770 thousand and $16,388 thousand for the years ended December 31, 2023 and 2022, respectively. Payments were made to the Bureau of the Labor Insurance.

(iii) Short-term employee benefit liabilities

| | **December 31, 2023** | **December 31, 2022** |
|---|---|---|
| Compensated absence liabilities | $ 18,350 | 17,194 |

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(s) Income tax

(i) Income tax expenses

The amount of income tax were as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Current income tax expense | | | |
| Current period | $ | 133,587 | 116,726 |
| Adjustment for prior periods | | (1,041) | 216 |
| Additional tax on undistributed earnings | | 4,184 | 2,947 |
| | | 136,730 | 119,889 |
| Deferred tax expense | | | |
| Origination and reversal of temporary differences | | (1,368) | (2,405) |
| Adjustments from previous years | | - | (105) |
| Income tax expenses | **$** | **135,362** | **117,379** |

The amount of income tax recognized directly in equity was as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Partial disposal of the equity in subsidiaries | **$** | **-** | **3,812** |

The amount of income tax recognized in other comprehensive income was as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Remeasurement of defined benefit plans | **$** | **-** | **(1,928)** |

Reconciliation of income tax expenses and profit before income tax were as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Profit before income tax | **$** | **676,712** | **580,226** |
| Income tax using the Company's domestic tax rate | $ | 135,342 | 116,045 |
| Tax exempted income | | (2,548) | (2,492) |
| Adjustments according to tax law | | (575) | 768 |
| Adjustments for prior years income tax | | (1,041) | 111 |
| Additional tax on undistributed earnings | | 4,184 | 2,947 |
| Total | **$** | **135,362** | **117,379** |

(ii) Deferred tax assets and liabilities－Recognized

Changes in the amount of deferred tax assets were as follows:

Deferred tax assets:

| | Defined benefit pension plans | Unpaid leave | Allowance for bad debt | Allowance for inventory valuation | Unrealized exchange loss | Impairment loss | Loss carryforward | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2023** | $ 6,952 | 3,439 | 1,170 | 720 | - | 2,350 | - | 14,631 |
| Recognized in profit or loss | (325) | 231 | (32) | (12) | 576 | (12) | - | 426 |
| **Balance at December 31, 2023** | **$ 6,627** | **3,670** | **1,138** | **708** | **576** | **2,338** | **-** | **15,057** |
| **Balance at January 1, 2022** | $ 8,880 | 5,637 | 1,901 | 2,611 | 8 | - | 284 | 19,321 |
| Recognized in profit or loss | - | 103 | 85 | 109 | (8) | 2,350 | 849 | 3,488 |
| Recognized in other comprehensive income | (1,928) | - | - | - | - | - | - | (1,928) |
| Disposal of subsidiaries | - | (62) | - | - | - | - | (1,133) | (1,195) |
| Reclassification to non current asset held for sale | - | (2,239) | (816) | (2,000) | - | - | - | (5,055) |
| **Balance at December 31, 2022** | **$ 6,952** | **3,439** | **1,170** | **720** | **-** | **2,350** | **-** | **14,631** |

Deferred tax liabilities:

| | Patent obtained from business combination | Plant, property and equipment obtained business combination | Unrealized exchange gain | Total |
|---|---|---|---|---|
| **Balance at January 1, 2023** | $ - | - | 942 | 942 |
| Recognized in profit or loss | - | - | (942) | (942) |
| **Balance at December 31, 2023** | **$ -** | **-** | **-** | **-** |
| **Balance at January 1, 2022** | $ 11,057 | 12,274 | - | 23,331 |
| Recognized in profit or loss | (310) | (116) | 942 | 516 |
| Reclassification to non current asset held for sale | (10,747) | (12,158) | - | (22,905) |
| **Balance at December 31, 2022** | **$ -** | **-** | **942** | **942** |

(iii) Examination and Approval

The ROC income tax authorities have examined the Company's income tax returns through 2021.

(t) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares amounted to $968,000 thousand, with a par value of $10 per share. both of which amounted to 96,800 thousand shares, with 76,289 thousand shares and 74,335 thousand shares were issued as of December 31, 2023 and 2022, respectively. All issued shares were paid up upon issuance.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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For the years ended December 31, 2023 and 2022, the reconciliation of outstanding shares of the Group was as follows (excluding the unvested restricted stock for employees) for:

Unit: thousand shares

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | 74,335 | 70,886 |
| Issuance of restricted stock for employees | 2,000 | - |
| Capital increase through appropriation of earnings | - | 3,543 |
| Repurchase of restricted stock for employees | (46) | (94) |
| Balance at December 31 | 76,289 | 74,335 |
| Restricted stock for employees | (2,925) | (1,898) |
| Balance at December 31 | **73,364** | **72,437** |

At the stockholders' meeting on May 31, 2023, the Company decided to issue 2,000 thousand new shares of restricted stock for employees with the par value of $10 per share, at the price of $51.25 per share, totaling $102,500 thousand, it was filed to the competent authority for effective dateon October 27, 2023, and the base date was set at November 24, 2023. The company registration was completed on December 21, 2023.

At the stockholders' meeting on June 15, 2022, the Company resolved to increase its capital with earnings of $35,439 thousand. It was approved by the Financial Supervisory Commission effective on July 29, 2022, and the Board of Directors set September 24, 2022, as the base date during the Board of Directors meeting held on August 9, 2022. The company registration was completed on October 17, 2022.

For the years ended December 31, 2023 and 2022, the Company repurchased 46 thousand shares of restricted stock for employee and 94 thousand shares of restricted stock for employee, respectively, as some of the holders of restricted stock for employees did not meet the vesting criteria. Of the repurchased shares, except for 6 thousand shares that were repurchased during the fourth quarter of 2023, the remaining repurchased shares were approved by the Board of Directors. The company registrations were also completed.

(ii) Capital surplus

The components of capital surplus were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Share capital | $ 192,002 | 152,260 |
| Treasury share transactions | 2,466 | 2,466 |
| Difference between consideration and carrying amount of subsidiaries at disposal | 497 | 497 |
| Change in net equity value of associates using the equity method | - | 1,633 |
| Restricted stock for employees | 206,632 | 87,569 |
| | **$ 401,597** | **244,425** |

(Continued)

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and treasury share transactions. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

According to the earnings distribution policy of the Company's Articles of Incorporation, if there is net profit after tax for the current period, the Company should first offset the accumulated loss, appropriate 10% of the remaining amount as legal reserve, unless the accumulated legal reserve has reached the paid-in capital, provide or reverse special earnings in accordance with relevant laws or regulations or as requested by authorities in charge. The remainder, together with the undistributed balance at the beginning of the period (including the adjustment of the undistributed earnings amount), the Board of Directors shall draw up an earnings distribution proposal and submit it to the shareholders' meeting for a resolution the distribution of dividends and bonuses to the shareholders.. The aforementioned distribution by cash shall be authorized by a majority vote of the Board of Directors with at least two thirds of the directors present, and shall be reported to the stockholder's meeting.

According to the dividend payment policy stipulated in the Company's Articles of Incorporation, in consideration of the current and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders, no less than 70% of accumulated distributable earnings for the current year shall be paid in dividends. However, when the accumulated distributable earnings are less than 10% of the paid-in capital stock, the distribution is not mandatory. The cash dividend shall not be less than 10% of the total dividend.

1) Legal reserve

According to the Company Act, 10% of net income after tax should be set aside as legal reserve until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
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3) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution were approved during the board meeting on March 9, 2023 and March 10, 2022, and the remaining distributions were decided by the meeting of shareholders on May 31, 2023 and June 15, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amount per share (NT dollars) | Amount | Amount per share (NT dollars) | Amount |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | $ 5.0 | 371,615 | 4.0 | 283,516 |
| Stock | - | - | 0.5 | 35,439 |
| Total | | $ 371,615 | | 318,955 |

On March 7, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings as follows:

| | 2023 | |
|---|---|---|
| | Amount per share (NT dollars) | Amount |
| Dividends distributed to ordinary shareholders: | | |
| Cash | $ 5.5 | 419,570 |

(iv) Other equities (net of tax)

| | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Employee unearned compensation | Total |
|---|---|---|---|
| Balance at January 1, 2023 | $ 65,315 | (28,101) | 37,214 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | 21,293 | - | 21,293 |
| Share-based payment transaction | - | 22,103 | 22,103 |
| Issuance of restricted stock for employees | - | (89,175) | (89,175) |
| Balance at December 31, 2023 | $ 86,608 | (95,173) | (8,565) |

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

| | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Employee unearned compensation | Total |
|---|---|---|---|---|
| Balance at January 1, 2022 | $ | 108,066 | (47,937) | 60,129 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | (42,751) | - | (42,751) |
| Share-based payment transaction | | - | 19,836 | 19,836 |
| Balance at December 31, 2022 | **$** | **65,315** | **(28,101)** | **37,214** |

(u) Share-based payment

During the shareholders' meeting of the Company held on May 31, 2023 and the extraordinary shareholders' meeting of the Company held on September 9, 2021, the Company respectively decided to issue 2,000 thousand new shares of restricted stock for employees. The restricted stock for employees was subsequently granted on November 8, 2023 and October 4, 2021, and the fair market value was $44.59 per share and $26.45 per share, respectively.

Employees who were rewarded with the above-mentioned restricted stock for employees may acquire such shares at 50% of market price on the date of issuance, and are entitled to 50% of the vested shares after two and four years of service in the Company, respectively, from the date of acquisition.

The restrictions on the restricted stock for employee before the vesting conditions are met after subscription are as follows:

(i) The employee shall not sell, pledge, transfer, donate, create or otherwise dispose of the new restricted stock for employee.

(ii) Restricted stock for employees has the right to participate in dividend distribution and current subscription, and such rights are not limited by the vesting period, and the stock dividend will be transferred to the employee's individual account from the trust account free of charge after the issuance date.

(iii) After the issuance of restricted stock for employee, employees shall immediately deliver them to the trustee or custodian as agreed, and shall not request the return of restricted stock for employees from the trustee or custodian bank for any reason or in any way before the vesting conditions are met.

If an employee fails to meet the vesting conditions, the Company will repurchase the restricted stock for employee granted to the employee at the original issue price and subsequently cancel such shares. As of December 31, 2023 and 2022, the Group, based on the expected turnover rate, repurchased the unvested shares amounting to $16,744 thousand and $4,803 thousand, respectively, which were recorded under other non-current liabilities. For the years ended December 31, 2023 and 2022, a total of 46 thousand and 94 thousand shares were repurchased due to service termination of employees who did not meet the vesting conditions, and the repurchase price was $1,384 thousand and $2,858 thousand, respectively. The Company recognized compensation costs of $22,103 thousand and $19,836 thousand for the years ended December 31, 2023 and 2022, respectively, and charged the fair value of cash dividends and stock dividends distributed to employees who might leave the Group during the vesting period as compensation costs amounting to $730 thousand and $1,864 thousand, respectively, for the years ended December 31, 2023 and 2022.

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 (number) | 1,898 | 1,992 |
| Granted during the year (number) | 2,000 | - |
| Vested during the year (number) | (927) | - |
| Forfeited during the year (number) | (46) | (94) |
| Balance at December 31 (number) | **2,925** | **1,898** |

(v) Earnings per share

The calculation of the Company's basic and diluted earnings per share were as follows:

(i) Basic earnings per share

| | 2023 | | |
|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** |
| Profit/(loss) attributable to ordinary shareholders of the Company | $ **541,350** | **66,533** | **607,883** |
| Weighted average number of ordinary shares | **72,660** | **72,660** | **72,660** |
| Total basic earnings per share | $ **7.45** | **0.92** | **8.37** |

| | 2022 | | |
|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** |
| Profit attributable to ordinary shareholders of the Company | $ **463,499** | **33,565** | **497,064** |
| Weighted average number of ordinary shares | **72,437** | **72,437** | **72,437** |
| Total basic earnings per share | $ **6.40** | **0.46** | **6.86** |

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

| | 2023 | | |
|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** |
| Profit attributable to ordinary shareholders of the Company (diluted) | $ **541,350** | **66,533** | **607,883** |
| Weighted average number of ordinary shares (basic) | 72,660 | 72,660 | 72,660 |
| Effect of dilutive potential ordinary shares | | | |
| Restricted stock for employees | 1,058 | 1,058 | 1,058 |
| Employee compensation | 674 | 674 | 674 |
| Weighted average number of ordinary shares used for calculation of diluted earnings per share | **74,392** | **74,392** | **74,392** |
| Total diluted earnings per share | $ **7.28** | **0.89** | **8.17** |

| | 2022 | | |
|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** |
| Profit attributable to ordinary shareholders of the Company (diluted) | $ **463,499** | **33,565** | **497,064** |
| Weighted average number of ordinary shares (basic) | 72,437 | 72,437 | 72,437 |
| Effect of dilutive potential ordinary shares | | | |
| Restricted stock for employees | 640 | 640 | 640 |
| Employee compensation | 853 | 853 | 853 |
| Weighted average number of ordinary shares used for calculation of diluted earnings per share | **73,930** | **73,930** | **73,930** |
| Total diluted earnings per share | $ **6.27** | **0.45** | **6.72** |

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

| | | 2023 | 2022 |
|---|---|---|---|
| Major products/services lines: | | | |
| Computer equipment sale revenue | $ | 1,423,871 | 1,339,496 |
| Service revenue | | 1,342,503 | 1,142,963 |
| Lease revenue | | - | 419 |
| | $ | **2,766,374** | **2,482,878** |
| Timing of revenue recognition | | | |
| Products transferred at a point in time | $ | 1,423,871 | 1,339,496 |
| Services transferred over time | | 1,342,503 | 1,143,382 |
| | $ | **2,766,374** | **2,482,878** |

(ii) Contract balance

| | | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|---|
| Notes receivable | $ | 177 | 830 | 1,119 |
| Accounts receivable | | 122,057 | 106,068 | 449,011 |
| Less: allowance for impairment | | (2,816) | (2,816) | (11,695) |
| Total | $ | **119,418** | **104,082** | **438,435** |
| Contract assets - Software design service | $ | 278,517 | 239,492 | 227,720 |
| Contract assets - Maintenance service | | 94,368 | 75,086 | 74,585 |
| Less: Loss allowance | | (2,811) | (2,811) | (3,932) |
| Total | $ | **370,074** | **311,767** | **298,373** |
| Contract liabilities -Hardware trading | $ | 629,947 | 747,810 | 764,356 |
| Contract liabilities -Software design service | | 221,151 | 248,664 | 179,536 |
| Contract liabilities -Maintenance service | | 28,800 | 35,682 | 48,926 |
| | | - | - | 8,946 |
| Total | $ | **879,898** | **1,032,156** | **1,001,764** |

For details on notes, accounts receivable and allowance for impairment, please refer to note 6(e).

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

The contract liabilities are mainly due to advance receipts, wherein the Group will recognize revenue when the performance obligations are satisfied. The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $906,838 thousand and $796,373 thousand, respectively.

(x) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation,, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 7.5% of the profit as employee remuneration, and less than 3.75% as directors' remuneration.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $62,809 thousand and $51,999 thousand, and directors' remuneration amounting to $31,405 thousand and $25,999 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(y) Non-operating income and expenses

(i) Interest income

| | 2023 | 2022 |
|---|---|---|
| Interest income from bank deposits | $ 4,649 | 657 |
| Other interest income | | |
| Interest income on lease receivable | 190 | 225 |
| Interest income on short-term notes | 6,111 | 928 |
| Other | - | 11 |
| Total other interest income | 6,301 | 1,164 |
| Total Interest income | **$ 10,950** | **1,821** |

(ii) Other income

| | 2023 | 2022 |
|---|---|---|
| Rental income | $ 14,310 | 14,730 |
| Dividend income | 12,740 | 12,461 |
| Others | 15,606 | 21,644 |
| Total other income | **$ 42,656** | **48,835** |

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(iii) Other gains and losses

| | | 2023 | 2022 |
|---|---|---|---|
| Disposal of subsidiaries | $ | - | 2,560 |
| Foreign exchange gains (losses) | | (460) | 5,725 |
| Gains (losses) on financial assets at fair value through profit or loss | | 1,287 | (3,548) |
| Impairment loss on investment property | | - | (11,750) |
| Others | | - | (61) |
| Other gains and losses, net | **$** | **827** | **(7,074)** |

(iv) Finance costs

| | | 2023 | 2022 |
|---|---|---|---|
| Interest on bank loans | $ | 57 | 241 |
| Interest on lease liabilities | | **-** | **3** |
| Finance cost | **$** | **57** | **244** |

(z) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Most of the Company's customers are domestic financial and insurance institutions, however, transactions are not significantly concentrated with a single customer. In order to reduce the credit risk on the accounts receivable, the Company regularly evaluates the likelihood of accounts receivable recovery and provides an allowance for loss, which is within the expectation of the management. As of December 31, 2023 and 2022, all accounts receivable are from Taiwan.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | | Carrying amount | Contractual cash flows | Within a year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **December 31, 2023** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Other payables | $ | 508,169 | 508,169 | 508,169 | - | - |
| Dividends payable | | 321,601 | 321,601 | 321,601 | - | - |
| deposits received | | 3,526 | 3,526 | 138 | - | 3,388 |
| | **$** | **833,296** | **833,296** | **829,908** | **-** | **-** |

(Continued)

| | | Carrying amount | Contractual cash flows | Within a year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **December 31, 2022** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Notes payable | $ | 117,596 | 117,596 | 117,596 | - | - |
| Accounts payable | | 167,138 | 167,138 | 167,138 | - | - |
| Other payables | | 278,368 | 278,368 | 278,368 | - | - |
| deposits received | | 3,526 | 3,526 | 3,388 | 138 | - |
| | **$** | **566,628** | **566,628** | **566,490** | **138** | **-** |

The Group does not expect the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to significant currency risk was as follows:

| | | Foreign currency | Exchange rate | NTD |
|---|---|---|---|---|
| **December 31, 2023** | | | | |
| Financial assets: | | | | |
| Monetary items: | | | | |
| USD | $ | 3,778 | 30.7050 | 116,003 |
| HKD | $ | 977 | 3.9290 | 3,837 |
| **December 31, 2022** | | | | |
| Financial assets: | | | | |
| Monetary items: | | | | |
| USD | $ | 2,767 | 30.7100 | 84,981 |
| HKD | $ | 887 | 3.9380 | 3,491 |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD and HKD as of December 31, 2023 and 2022, would have increased or decreased the net profit after tax by $959 thousand and $708 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group is affected by foreign currency fluctuation from USD and HKD. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portion) amounted to $(460) thousand and $5,725 thousand.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group’s financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have increase or decrease by $9,084 thousand and $3,789 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remain constant. This is mainly due from the Group's cash in bank cash equivalents and restricted time deposits at floating rate.

(v) Information of fair value

1) Categories and fair value of financial instruments

Except as described in the following paragraphs, for financial assets and financial liabilities not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying | Fair value | | | |
| | amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Open-end fund | $ 2,196 | 2,196 | - | - | 2,196 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Domestic listed stocks | 112,951 | 112,951 | - | - | 112,951 |
| Financial assets measured at amortized cost | | | | | |
| Finance lease receivable | 3,912 | - | 3,912 | - | 3,912 |
| Total | **$ 119,059** | **115,147** | **3,912** | **-** | **119,059** |

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Carrying | Fair value | | | |
| | amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Domestic listed stocks | $ 5,884 | 5,884 | - | - | 5,884 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Domestic listed stocks | 91,327 | 91,327 | - | - | 91,327 |
| Financial assets measured at amortized cost | | | | | |
| Finance lease receivable | 2,426 | - | 2,426 | - | 2,426 |
| Total | **$ 99,637** | **97,211** | **2,426** | **-** | **99,637** |

2) Valuation techniques for financial instruments measured at fair value－Non-derivative financial instruments

If the quoted prices in active markets are available, the market price is established as the fair value. The market prices amounted by Over the Counter are the benchmarks of the fair value of equity instruments and liability instruments trading in active markets.

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no transfers among the different levels of fair value hierarchy.

(aa) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note has the information on risk exposure and the objectives, policies and process of risk measurement and management. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective note in the accompanying parent company only financial statements.

(ii) Risk management framework

The Group's main financial instruments include equity and debt instrument investment, accounts receivable, accounts payable, borrowings and lease liabilities. The financial management department of the Group provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. The Financial Management Department is required to submit quarterly reports to the Board of Directors of the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash in banks and investments securities.

To mitigate credit risk, the Group's management regularly assesses credit limits and other monitoring procedures to ensure appropriate action is taken for overdue receivables. Additionally, the Group reviews the recoverable amount of receivables on the balance sheet date to ensure adequate provision for impairment. The management believes that the Group's credit risk has been significantly reduced.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(Continued)

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused short-term bank facilities of $1,322,130 thousand and $1,470,000 thousand, as of December 31, 2023 and 2022, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Group's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

The Group did not enter into any derivative contracts, hence did not give rise to financial assets or liabilities.

(ab) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings of the Group. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

| | | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Total liabilities | $ | 2,019,459 | 2,870,158 |
| Less: cash and cash equivalents | | 1,106,942 | 473,554 |
| Net debt | **$** | **912,517** | **2,396,604** |
| Total equity | **$** | **2,431,048** | **2,361,174** |
| Debt-to-capital ratio | | **37.54 %** | **101.50 %** |

As of December 31, 2023, there was no changes in the Group's approach of capital management.

(ac) Investing and financing activities not affecting current cash flow

The Group's non-cash investing and financing activities in 2022 consisted of the acquisition of right-of-use assets through leasing. There were no non-cash investing and financing activities in 2023.

## DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
### Notes to the Consolidated Financial Statements

(ad) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | January 1, 2022 | Cash flows | Acquisition right-of-use assets | Foreign exchange movement | Interest | December 31, 2022 |
| Long-term borrowings (including deferred income) | $ 103,483 | 33,400 | - | (136,883) | - | - |
| Short-term borrowings | 175,276 | (65,276) | - | (110,000) | - | - |
| Deposits received | 3,576 | 104 | - | (154) | - | 3,526 |
| Short-term commercial paper payable | 59,983 | (4,551) | - | (55,432) | - | - |
| Lease liabilities | 1,712 | (1,685) | 798 | (194) | (631) | - |
| Total liabilities from financing activities | **$ 344,030** | **(38,008)** | **798** | **(302,663)** | **(631)** | **3,526** |

## (7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and its subsidiaries

(b) Names and relationship with related parties

In these consolidated financial statements, the related parties having transactions with the Group are listed as below:

| Name of related party | Relationship with the Group |
|---|---|
| Dimwave Fintech Ltd. (Dimwave Fintech) | Associates (On December 30, 2022, changed from a subsidiary to an associated enterprise) |
| Shi Ying, Lin | Other related party(In June 2023, changed from a related party to a non-related party) |
| Jun Yen, Jian | Other related party(In June 2023, changed from a related party to a non-related party) |
| Hong Ming, Chen | Other related party(In June 2023, changed from a related party to a non-related party) |

(c) Significant transactions with related parties

(i) Purchases

| | 2023 | 2022 |
|---|---|---|
| Associates： | | |
| Dimwave Fintech | **$ 16,465** | **-** |

The purchase price and payment term with related party was not significantly different from normal transactions.

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

(ii) Maintenance service

The maintenance service provided by the related party, recorded under operating cost, is as follows:

| | 2023 | 2022 |
|---|---|---|
| Associates： | | |
| Dimwave Fintech | $ 5,268 | - |

(iii) Receivables from related parties

| Account | Type of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Accounts receivable | Associates： | | |
| | Dimwave Fintech | $ - | 6 |

(iv) Payables to related parties

| Account | Type of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Accounts payable | Associates： | | |
| | Dimwave Fintech | $ 1,681 | 2,328 |

(v) Property transaction

1) Disposal of financial assets

| | | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|---|
| Type of related party | Account | Number of shares (thousand shares) | Financial assets | Disposal proceeds | Disposal gain (loss) | Number of shares (thousand shares) | Financial assets | Disposal proceeds | Disposal gain (loss) |
| Other related party | Other non current asset held for sale | 3,235 | High Performance | $ 86,913 | (5,034) | 2,145 | High Performance | 49,969 | - |

The transaction price with related parties is determined according to the agreements between both parties, and the disposal gain or loss is calculated based on the Company's average cost of holding investments in High Performance. As the Company partially disposed its shares of High Performance in April 2022, and did not lose the control over the subsidiary, the Group treated it as an equity transaction.

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 56,800 | 49,794 |
| Post-employment benefits | 65 | 172 |
| | $ 56,865 | 49,966 |

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

**(8) Assets Pledged as security**

The carrying values of pledged assets were as follows:

| Pledged assets | Object | | December 31, 2023 | December 31, 2022 |
|---|---|---|---|---|
| Property, plant, and equipment | Bank loan facilities | $ | 749,061 | 753,392 |
| Non current assets held for sale | Bank loan facilities | | - | 338,140 |
| Investment property | Bank loan facilities | | 520,934 | 523,700 |
| Financial assets at amortized cost | Performance bond | | 28,889 | 41,855 |
| | | $ | **1,298,884** | **1,657,087** |

**(9) Commitments and contingencies**

(a) Material commitment

As of December 31, 2023 and 2022, the Group issued notes of $0 thousand and $615,000 thousand, respectively, as bank financing and purchase security.

**(10) Losses due to major disasters: None.**

**(11) Subsequent events**

(a) On March 7, 2024, the Company's Board of Directors decided to distribute cash from capital surplus, with a dividend of $0.5 per share, totaling $38,143 thousand. Please refer to note 6(t) for details on the profit distribution plan of 2023 approved by the board of directors.

(b) Considering the Company's long-term development, on March 7, 2024, the Company's Board of Directors decided to purchase real estate for operational use and authorized the chairman to handle subsequent signing matters.

**(12) Other**

(a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

| By function / By item | Year ended December 31, 2023 Operating costs | Year ended December 31, 2023 Operating expenses | Year ended December 31, 2023 Total | Year ended December 31, 2022 Operating costs | Year ended December 31, 2022 Operating expenses | Year ended December 31, 2022 Total |
|---|---|---|---|---|---|---|
| Employee benefits | | | | | | |
| Salary | 298,418 | 337,308 | 635,726 | 272,756 | 306,127 | 578,883 |
| Labor and health insurance | 22,252 | 15,167 | 37,419 | 20,469 | 15,079 | 35,548 |
| Pension | 10,915 | 6,402 | 17,317 | 10,236 | 6,735 | 16,971 |
| Directors' remuneration | - | 31,405 | 31,405 | - | 25,999 | 25,999 |
| Others | 7,210 | 7,825 | 15,035 | 6,836 | 8,231 | 15,067 |
| Depreciation | 2,384 | 9,515 | 11,899 | 2,743 | 11,058 | 13,801 |
| Amortization | - | 3,040 | 3,040 | - | 1,882 | 1,882 |

(Continued)

**DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**
**Notes to the Consolidated Financial Statements**

Note: Depreciation expenses for investment property recognized under other income and expenses amounted to $2,766 thousand and $2,828 thousand for the years ended December 31, 2023 and 2022, respectively.

(b) Discontinued operations

In response to operational development needs, the Company focused on software development and professional services. The Company's Board of Directors resolved on April 7, 2022, to sell its subsidiary, High Performance. The disposal was completed in June 2023.

The operation result and cashflow of the discontinued operation is summarized as follows:

| | January, 2023 ~May, 2023 | 2022 |
|---|---|---|
| Operation result of the discontinued operation | | |
| Operating revenues | $ 888,104 | 1,938,351 |
| Operating costs | (791,118) | (1,723,616) |
| Gross profit from operations | 96,986 | 214,735 |
| Selling expenses | (40,567) | (94,592) |
| Administrative expenses | (15,689) | (37,473) |
| Research and development expenses | (2,020) | (4,521) |
| Net operating income | 38,710 | 78,149 |
| Interest income | 1,732 | 4,844 |
| Other income | 441 | 8,756 |
| Other gains and losses | 658 | (918) |
| Finance costs | (1,796) | (4,470) |
| Net income before tax | 39,745 | 86,361 |
| Income tax expenses | (7,949) | (18,603) |
| Operating income from discontinued operation (net of tax) | 31,796 | 67,758 |
| Gain from disposal of discontinued operations | 51,134 | - |
| Net income | **$ 82,930** | **67,758** |
| Basic earnings per share (in New Taiwan dollars) | **$ 0.92** | **0.46** |
| Diluted earnings per share (in New Taiwan dollars) | **$ 0.89** | **0.45** |
| Cash provided by (used in) from discontinued operation: | | |
| Net cash provided by (used in) operating activities | $ 71,681 | (102,547) |
| Net cash provided by (used in) investing activities | (10,858) | 112,118 |
| Net cash provided by (used in) financing activities | (52,858) | 17,763 |
| Net cash inflow (outflow) | **$ 7,965** | **27,334** |

(Continued)

# DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Nature and name of security | Relationship with the security issuer | Account name | Ending balance | | | | Maximum investment in 2023 | Notes |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Book value | Holding percentage | Market value | | |
| The Company | UPAMC Taiwan High Dividend and Growth Fund | – | Financial assets at fair value through profit or loss | 200 | 2,196 | - % | 2,196 | - | |
| The Company | Dimerco Express Corporation | – | Financial assets at fair value through other comprehensive income | 1,232 | 101,982 | - % | 101,982 | - | |
| The Company | E.SUN Financial Holding Company, Ltd. | – | Financial assets at fair value through other comprehensive income | 425 | 10,969 | - % | 10,969 | - | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars/ thousand shares)

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance | | Purchases | | Sales | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Cost | Gain (loss) on disposal | Shares | Amount |
| The Company | Common share/ High Performance | Non-current assets held for sale | Note 1 | Note 1 | 17,663 | 176,805 | - | - | 17,663 | 381,008 | 331,507 | 49,501 | - | - |

Note 1: Among the disposed shares, of which 3,235 thousand shares were sold to other related parties and 8,428 thousand shares to non-related parties.

Note 2: The gain on disposal included 1,633 thousand transferred from capital surplus - change in net equity value of associates using the equity method.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

| No. (Note 1) | Name of company | Name of counter-party | Existing relationship with the counter-party (Note 2) | Transaction details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account name | Amount | Trading terms | Percentage of the total consolidated revenue or total assets |
| 0 | The Company | High Performance | 1 | Sales | 1,063 | According to business contract | - % |
| 0 | The Company | High Performance | 1 | Operating cost | 250 | According to business contract | - % |

Note 1: Company numbering is as follows:

(1) Parent company is 0.

(2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

(1) 1 represents downstream transactions.

(2) 2 represents upstream transactions.

Note 3: The transactions have been eliminated upon consolidation.

# DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
## Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

| Name of investor | Name of investee | Address | Scope of business | Original cost | | Ending balance | | | Maximum investment amount in 2023 | Net income of investee | Investment income (losses) | Notes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares | Percentage of ownership | Book value | | | | |
| The Company | Dimwave Fintech | Taiwan | Sales of computer hardware equipment and design, development and sales of computer software | 5,700 | 5,700 | 600 | 30.00 % | 7,031 | 5,700 | 5,293 | 1,588 | Note 1 |
| The Company | High Performance | Taiwan | sales and lease of information related products | - | 176,805 | - | - % | - | 176,805 | 31,796 | 15,398 | Note 2 |

Note 1: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in mainland China: None

(d) Major shareholders:

No shareholders hold more than 5% of the shares.

**(14) Segment information**

(a) General information

The Group has three reporting segments, namely the hardware department, the software department, and other departments. The hardware department provides services for trading of computer hardware equipment. The software department offers services such as enterprise software design and system maintenance.

The reporting segments of the Group are strategic business units, aimed at providing different products and services. Since each strategic business unit requires different technologies and marketing strategies, they need to be managed separately.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes operating profit, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

Information on reportable segments and reconciliation for the Group is as follows:

| | 2023 | | | |
|---|---|---|---|---|
| | **Hardware equipment** | **Software** | **Other** | **Total** |
| Total revenue | $ **2,007,528** | **729,270** | **29,576** | **2,766,374** |
| Reportable segment profit or loss | $ **416,690** | **301,482** | **(97,424)** | 620,748 |
| Non-operating income and expenses | | | | 55,964 |
| Net income before tax | | | | $ **676,712** |
| **Reportable segment assets and liabilities (note)** | $ **-** | **-** | **-** | **-** |

| | 2022 | | | |
|---|---|---|---|---|
| | **Hardware equipment** | **Software** | **Other** | **Total** |
| Total revenue | $ **1,779,492** | **672,400** | **30,986** | **2,482,878** |
| Reportable segment profit or loss | $ **347,999** | **284,678** | **(95,789)** | 536,888 |
| Non-operating income and expenses | | | | 43,338 |
| Net income before tax | | | | $ **580,226** |
| **Reportable segment assets and liabilities (note)** | $ **-** | **-** | **-** | **-** |

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Note: As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.

(c) Geographic information

The Group operates domestically.