

**WISTRON INFORMATION TECHNOLOGY AND
SERVICES CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

Address: 32F., No. 93, Sec. 1, Xintai 5th Rd., Xizhi Dist,
New Taipei City 22175, Taiwan, R.O.C
Telephone: (02)7745-8888

The independent auditors' review 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.

Table of contents

| Contents | Page |
|---|-------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 |
| 3. Independent Auditors' Review Report | 3 |
| 4. Consolidated Balance Sheets | 4 |
| 5. Consolidated Statements of Comprehensive Income | 5 |
| 6. Consolidated Statements of Changes in Equity | 6 |
| 7. Consolidated Statements of Cash Flows | 7 |
| 8. Notes to the Consolidated Financial Statements | |
| (1) Company history | 8 |
| (2) Approval date and procedures of the consolidated financial statements | 8 |
| (3) New standards, amendments and interpretations adopted | 8~9 |
| (4) Summary of significant accounting policies | 9~11 |
| (5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty | 11 |
| (6) Explanation of significant accounts | 11~28 |
| (7) Related party transactions | 28~30 |
| (8) Assets pledged as security | 30 |
| (9) Significant commitments and contingencies | 30 |
| (10) Losses due to major disasters | 30 |
| (11) Subsequent events | 30 |
| (12) Other | 31 |
| (13) Other disclosures | |
| (a) Information on significant transactions | 33~36 |
| (b) Information on investees | 37 |
| (c) Information on investment in mainland China | 38~39 |
| (d) Information on major shareholders | 40 |
| (14) Segment information | 32 |

Independent Auditors' Review Report

To the Board of Directors of Wistron Information Technology and Services Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Wistron Information Technology and Services Corporation and its subsidiaries ("the Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' review report are Ming-Hung Huang and Chia-Chien Tang.

KPMG

Taipei, Taiwan (The Republic of China)
May 5, 2022

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31 and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

| Assets | | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | | Liabilities and Equity | | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|----------------------------|--|---------------------|------------|-------------------|------------|------------------|------------|-------------------------------------|---|---------------------|------------|-------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current assets: | | | | | | | | Current liabilities: | | | | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | \$ 584,021 | 15 | 877,245 | 22 | 851,335 | 24 | 2100 | Short-term borrowings (note 6(g)) | \$ 27,078 | 1 | 107,230 | 3 | - | - |
| 1140 | Current contract assets (note 6(m)) | 11,359 | - | 12,215 | - | 22,615 | 1 | 2130 | Current contract liabilities (notes 6(m) and 7) | 14,964 | - | 14,665 | - | 13,425 | - |
| 1170 | Notes and accounts receivable, net (notes 6(b)(m)) | 2,334,412 | 59 | 2,092,900 | 52 | 1,589,179 | 46 | 2170 | Accounts payable | 81,350 | 2 | 94,687 | 3 | 87,347 | 3 |
| 1180 | Accounts receivable-related parties, net (notes 6(b)(m) and 7) | 41,162 | 1 | 38,159 | 1 | 34,629 | 1 | 2219 | Other payables (note 6(n)) | 854,106 | 21 | 1,047,978 | 26 | 646,938 | 19 |
| 1200 | Other receivables | 1,052 | - | 2,186 | - | 64 | - | 2220 | Other payables-related parties (note 7) | 53 | - | 196 | - | 92 | - |
| 1220 | Current tax assets | 12,600 | - | 12,811 | - | 551 | - | 2230 | Current tax liabilities | 57,600 | 2 | 42,935 | 1 | 45,778 | 1 |
| 1410 | Prepayments | 26,374 | 1 | 17,205 | - | 27,086 | 1 | 2399 | Other current liabilities | 23,244 | 1 | 29,487 | 1 | 19,088 | - |
| 1470 | Other current assets (notes 6(f)) | 15,065 | - | 20,401 | 1 | 13,152 | - | 2280 | Current lease liabilities (note 6(h)) | 29,916 | 1 | 26,453 | 1 | 19,594 | 1 |
| | Total current assets | <u>3,026,045</u> | <u>76</u> | <u>3,073,122</u> | <u>76</u> | <u>2,538,611</u> | <u>73</u> | 2322 | Long-term borrowings, current portion (notes 6(c)(g) and 8) | <u>8,734</u> | <u>-</u> | <u>8,274</u> | <u>-</u> | <u>8,038</u> | <u>-</u> |
| Non-current assets: | | | | | | | | Total current liabilities | | | | | | | |
| 1600 | Property, plant and equipment (notes 6(c) and 8) | 813,198 | 20 | 813,853 | 20 | 821,441 | 24 | | Non-Current liabilities: | <u>1,097,045</u> | <u>28</u> | <u>1,371,905</u> | <u>35</u> | <u>840,300</u> | <u>24</u> |
| 1755 | Right-of-use assets (note 6(d)) | 57,639 | 2 | 57,740 | 2 | 45,678 | 1 | 2540 | Long-term loans (notes 6(c)(g) and 8) | 55,358 | 1 | 55,543 | 1 | 61,866 | 2 |
| 1780 | Intangible assets (note 6(e) and 7) | 38,807 | 1 | 38,915 | 1 | 30,652 | 1 | 2570 | Deferred tax liabilities | 87,789 | 2 | 87,247 | 2 | 99,554 | 3 |
| 1840 | Deferred tax assets | 22,043 | 1 | 20,189 | 1 | 22,223 | 1 | 2580 | Non-current lease liabilities (note 6(h)) | 23,512 | 1 | 27,417 | 1 | 21,524 | 1 |
| 1900 | Other non-current assets (notes 6(f) and 8) | 17,854 | - | 13,648 | - | 13,329 | - | 2640 | Net defined benefit liability, non-current | 15,387 | - | 15,173 | - | 16,208 | - |
| | Total non-current assets | <u>949,541</u> | <u>24</u> | <u>944,345</u> | <u>24</u> | <u>933,323</u> | <u>27</u> | 2670 | Other non-current liabilities | <u>2,408</u> | <u>-</u> | <u>2,460</u> | <u>-</u> | <u>2,624</u> | <u>-</u> |
| | | | | | | | | | Total non-current liabilities | <u>184,454</u> | <u>4</u> | <u>187,840</u> | <u>4</u> | <u>201,776</u> | <u>6</u> |
| | | | | | | | | | Total liabilities | <u>1,281,499</u> | <u>32</u> | <u>1,559,745</u> | <u>39</u> | <u>1,042,076</u> | <u>30</u> |
| | | | | | | | | | Equity (notes 6(k)): | | | | | | |
| | | | | | | | | 3100 | Capital stock | 671,523 | 17 | 669,211 | 17 | 667,083 | 19 |
| | | | | | | | | 3200 | Capital surplus | 791,658 | 20 | 770,877 | 19 | 753,005 | 22 |
| | | | | | | | | 3300 | Retained earnings | 1,307,969 | 33 | 1,198,187 | 30 | 1,177,801 | 34 |
| | | | | | | | | 3400 | Other equity | (39,929) | (1) | (107,053) | (3) | (94,531) | (3) |
| | | | | | | | | 3500 | Treasury shares | <u>(37,134)</u> | <u>(1)</u> | <u>(73,500)</u> | <u>(2)</u> | <u>(73,500)</u> | <u>(2)</u> |
| | | | | | | | | | Total equity | <u>2,694,087</u> | <u>68</u> | <u>2,457,722</u> | <u>61</u> | <u>2,429,858</u> | <u>70</u> |
| Total assets | | <u>\$ 3,975,586</u> | <u>100</u> | <u>4,017,467</u> | <u>100</u> | <u>3,471,934</u> | <u>100</u> | Total liabilities and equity | | <u>\$ 3,975,586</u> | <u>100</u> | <u>4,017,467</u> | <u>100</u> | <u>\$ 3,471,934</u> | <u>100</u> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
 SUBSIDIARIES**

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

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

| | | <u>For the three-month periods ended March 31</u> | | | |
|------|--|---|-------------|------------------|-------------|
| | | <u>2022</u> | | <u>2021</u> | |
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4000 | Net revenue (notes 6(m) and 7) | \$ 1,828,508 | 100 | 1,368,964 | 100 |
| 5000 | Cost of Sales (notes 6(c)(d)(e)(h)(i) and 12) | (1,436,056) | (78) | (1,045,859) | (76) |
| | Gross profit | <u>392,452</u> | <u>22</u> | <u>323,105</u> | <u>24</u> |
| | Operating expenses (notes 6(b)(c)(d)(e)(h)(i)(k)(m)(n), 7 and 12) | | | | |
| 6100 | Selling expenses | (50,544) | (3) | (37,616) | (3) |
| 6200 | Administrative expenses | (198,648) | (11) | (170,126) | (12) |
| 6300 | Research and development expenses | (7,106) | - | (4,240) | - |
| 6450 | Expected credit gains (losses) | (13,069) | (1) | 6,329 | - |
| | Total operating expenses | <u>(269,367)</u> | <u>(15)</u> | <u>(205,653)</u> | <u>(15)</u> |
| | Net operating income | <u>123,085</u> | <u>7</u> | <u>117,452</u> | <u>9</u> |
| | Non-operating income and expenses (notes 6 (h)(o)): | | | | |
| 7100 | Interest income | 1,446 | - | 2,349 | - |
| 7010 | Other income | 1,727 | - | 9,019 | - |
| 7020 | Other gains and losses | 3,690 | - | (1,198) | - |
| 7050 | Finance costs | (1,265) | - | (1,191) | - |
| | Total non-operating income and expenses | <u>5,598</u> | <u>-</u> | <u>8,979</u> | <u>-</u> |
| | Profit before tax | 128,683 | 7 | 126,431 | 9 |
| 7950 | Income tax expenses (note 6(j)) | (18,901) | (1) | (18,472) | (1) |
| | Net profit | <u>109,782</u> | <u>6</u> | <u>107,959</u> | <u>8</u> |
| 8300 | Other comprehensive income (note 6(k)): | | | | |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 67,124 | 4 | (13,319) | (1) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | Total items that may be reclassified subsequently to profit or loss | <u>67,124</u> | <u>4</u> | <u>(13,319)</u> | <u>(1)</u> |
| 8300 | Other comprehensive income (loss) | <u>67,124</u> | <u>4</u> | <u>(13,319)</u> | <u>(1)</u> |
| | Total comprehensive income | <u>\$ 176,906</u> | <u>10</u> | <u>\$ 94,640</u> | <u>7</u> |
| | Earnings per share (in dollars) (note 6(l)) | | | | |
| 9750 | Basic earnings per share | <u>\$ 1.66</u> | | <u>1.64</u> | |
| 9850 | Diluted earnings per share | <u>\$ 1.64</u> | | <u>1.63</u> | |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

| | Capital stock | | Equity attributable to owners of parent | | | | Other equity | | Treasury shares | Total equity | |
|---|-------------------|-------------------|---|----------------|-----------------|----------------------------------|---|------------------|------------------|-----------------|------------------|
| | Common stock | Retained earnings | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | | | | |
| Balance at January 1, 2021 | <u>\$ 667,083</u> | <u>-</u> | <u>667,083</u> | <u>753,005</u> | <u>131,840</u> | <u>125,097</u> | <u>812,905</u> | <u>1,069,842</u> | <u>(81,212)</u> | <u>(73,500)</u> | <u>2,335,218</u> |
| Net profit | - | - | - | - | - | - | 107,959 | 107,959 | - | - | 107,959 |
| Other comprehensive income | - | - | - | - | - | - | - | - | (13,319) | - | (13,319) |
| Total comprehensive income | - | - | - | - | - | - | 107,959 | 107,959 | (13,319) | - | 94,640 |
| Balance at March 31, 2021 | <u>\$ 667,083</u> | <u>-</u> | <u>667,083</u> | <u>753,005</u> | <u>131,840</u> | <u>125,097</u> | <u>920,864</u> | <u>1,177,801</u> | <u>(94,531)</u> | <u>(73,500)</u> | <u>2,429,858</u> |
| Balance at January 1, 2022 | <u>\$ 669,211</u> | <u>-</u> | <u>669,211</u> | <u>770,877</u> | <u>176,669</u> | <u>81,212</u> | <u>940,306</u> | <u>1,198,187</u> | <u>(107,053)</u> | <u>(73,500)</u> | <u>2,457,722</u> |
| Net profit | - | - | - | - | - | - | 109,782 | 109,782 | - | - | 109,782 |
| Other comprehensive income | - | - | - | - | - | - | - | - | 67,124 | - | 67,124 |
| Total comprehensive income | - | - | - | - | - | - | 109,782 | 109,782 | 67,124 | - | 176,906 |
| Compensation cost of treasury shares transferred to employees | - | - | - | 3,487 | - | - | - | - | - | - | 3,487 |
| Treasury shares transferred to employees | - | - | - | (394) | - | - | - | - | - | 36,366 | 35,972 |
| New share issued through employee's profit sharing bonus | - | 2,312 | 2,312 | 17,688 | - | - | - | - | - | - | 20,000 |
| Balance at March 31, 2022 | <u>\$ 669,211</u> | <u>2,312</u> | <u>671,523</u> | <u>791,658</u> | <u>176,669</u> | <u>81,212</u> | <u>1,050,088</u> | <u>1,307,969</u> | <u>(39,929)</u> | <u>(37,134)</u> | <u>2,694,087</u> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| | For the three-month periods ended March 31 | |
|---|---|------------------|
| | 2022 | 2021 |
| Cash flows generated from (used in) operating activities: | | |
| Profit before tax | \$ 128,683 | 126,431 |
| Adjustments: | | |
| Adjustments to reconcile profit: | | |
| Depreciation expense | 20,800 | 19,868 |
| Amortization expense | 3,021 | 1,870 |
| Expected credit losses (gains) | 13,069 | (6,329) |
| Interest expense | 1,265 | 1,191 |
| Interest income | (1,446) | (2,349) |
| Cost of share-based payment awards | 3,487 | - |
| Loss on disposal of property, plant and equipment | 735 | 290 |
| Gain on disposal of investment | (2,959) | - |
| Loss on lease modification | - | 244 |
| Total adjustments to reconcile profit | 37,972 | 14,785 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Decrease in current contract assets | 1,119 | 8,762 |
| Increase in notes and accounts receivable, net | (188,412) | (144,083) |
| Increase in accounts receivable — related parties | (3,001) | (17,697) |
| Decrease in other receivables | 1,187 | 6 |
| Increase in prepayments | (8,521) | (11,580) |
| Decrease in other current assets | 124 | 324 |
| Total changes in operating assets | (197,504) | (164,268) |
| Changes in operating liabilities: | | |
| Increase (decrease) in contract liabilities | 152 | (6,455) |
| Decrease in accounts payable | (14,545) | (18,600) |
| Decrease in other payables | (196,256) | (201,262) |
| Decrease in other payables — related parties | (143) | (348) |
| Decrease in other current liabilities | (6,671) | (5,509) |
| Increase in net defined benefit liability | 214 | 143 |
| Total changes in operating liabilities | (217,249) | (232,031) |
| Net changes in operating assets and liabilities | (414,753) | (396,299) |
| Total changes in operating assets and liabilities | (376,781) | (381,514) |
| Cash used in operations | (248,098) | (255,083) |
| Interest received | 1,446 | 2,349 |
| Interest paid | (1,270) | (1,184) |
| Income taxes paid | (5,188) | (35,102) |
| Net cash flows used in operating activities | (253,110) | (289,020) |
| Cash flows generated from (used in) investing activities: | | |
| Acquisition of property, plant and equipment | (2,723) | (23,472) |
| Proceeds from disposal of property, plant and equipment | 198 | 137 |
| Decrease in refundable deposits | 2,298 | 3,897 |
| Acquisition of intangible assets | (2,915) | (929) |
| Increase in other non-current assets | (466) | - |
| Net cash flows used in investing activities | (3,608) | (20,367) |
| Cash flows generated from (used in) financing activities: | | |
| Increase in short-term loans | 142,333 | 3,259 |
| Repayments of short-term loans | (222,692) | (3,259) |
| Repayments of long-term loans | (2,081) | (1,979) |
| Repayments of the principal portion of lease liabilities | (7,547) | (6,725) |
| Treasury shares transferred to employees | 35,972 | - |
| Net cash flows used in financing activities | (54,015) | (8,704) |
| Effect of exchange rate changes on cash and cash equivalents | 17,509 | (5,876) |
| Net Decrease in cash and cash equivalents | (293,224) | (323,967) |
| Cash and cash equivalents at beginning of period | 877,245 | 1,175,302 |
| Cash and cash equivalents at end of period | \$ 584,021 | 851,335 |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY ACCEPTED AUDITING STANDARDS

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
 SUBSIDIARIES**

Notes to the Consolidated Financial Statements

March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Mirrors International, Inc. was incorporated on June 1, 1992 as a company limited by shares under the laws of the Republic of China (R.O.C); and in July 2004, it changed its name to Wistron Information Technology and Services Corporation (the “Company”). Wistron Information Technology and Services Corporation and subsidiaries (the “Group”) are primarily engaged in the development and maintenance of the IT system, IT consulting and outsourcing services.

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

The consolidated financial statements for the three months ended March 31, 2022 and 2021 were authorized for issue by the Board of Directors on May 5, 2022.

(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. (“FSC”) 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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

(Continued)

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| <u>Standards or Interpretations</u> | <u>Content of amendment</u> | <u>Effective date per IASB</u> |
|--|---|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non current” | The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023 |
| Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” | The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. | January 1, 2023 |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the (following) other 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 IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

| Name of investor | Name of subsidiary | Major operations | Location | Percentage of ownership | | | Note | |
|------------------|---|---|-----------|-------------------------|------------|------------|----------|----------|
| | | | | 2022.03.31 | 2021.12.31 | 2021.03.31 | | |
| The Company | Wistron Information Technology and Services Inc. (WIBI) | Professional investment enterprise | B.V.I | 100.00% | 100.00% | 100.00% | | |
| | Wistron Information Technology and Services Limited (WIHK) | Research, develop, design of software, and IT consulting service | Hong Kong | 100.00% | 100.00% | 100.00% | | |
| | Wistron Information Technology and Services (Japan) Inc. (WIJP) | " | Japan | 100.00% | 100.00% | 100.00% | | |
| | WITS AMERICA, CORP. (WIUS) | " | America | 100.00% | 100.00% | 100.00% | | |
| | WITS Taiwan, Inc. (WISS) | " | Taiwan | 100.00% | 100.00% | - | (Note 1) | |
| | WIBI | Wistron Information Technology and Services (Beijing) Inc. (WIBJ) | " | China | - | - | 100.00% | (Note 2) |
| | | Shanghai Booster Technologies Company Limited (QT) | " | China | - | 100.00% | 100.00% | (Note 3) |
| | Wistron ITS (Hong Kong) Limited (WIHH) | Professional investment enterprise | Hong Kong | 100.00% | 100.00% | 100.00% | | |
| WIHH | Wistron Information Technology and Services (Beijing) Inc. (WIBJ) | Research, develop, design of software, and IT consulting service | China | 100.00% | 100.00% | - | (Note 2) | |
| WIBJ | Beijing Enovation Technology Co. Ltd. (WIYC) | Research, develop, design of software, and IT consulting service | China | 100.00% | 100.00% | 100.00% | | |
| | Wistron ITS (Wuhan) Co. (WIWZ) | " | China | 100.00% | 100.00% | 100.00% | | |
| WIWZ | Wistron ITS (Hangzhou) Ltd. (WIHZ) | Research, develop, design of software, and IT consulting service | China | 100.00% | 100.00% | - | (Note 4) | |

(Note1) The company was set up in the 4th quarter of 2021.

(Note2) The Company restructured the investment through WIHH acquiring 100% shareholdings in WIBJ via stock exchange from WIBI in the 3rd quarter of 2021.

(Note3) The company cancelled the registration in the 4th quarter of 2021, and completed the liquidation process in January, 2022.

(Note4) The capital has not been injected at December 31, 2021 until February 2022.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management 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 preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2021 consolidated financial statements. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---------------------------|------------------------------|---------------------------|
| Cash on hand | \$ 477 | 403 | 471 |
| Demand and checking deposits | 583,544 | 876,842 | 673,442 |
| Time deposits | - | - | 177,422 |
| Cash and cash equivalents in the consolidated statement of cash flows | <u>\$ 584,021</u> | <u>877,245</u> | <u>851,335</u> |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

Please refer to Note 6(p) for the currency rate risk and sensitivity analysis of the financial assets of the Group.

(b) Accounts receivable (including related parties)

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|-------------------------------------|----------------------------|------------------------------|---------------------------|
| Notes receivable | \$ 50,980 | 55,723 | 46,676 |
| Accounts receivable | 2,324,989 | 2,064,319 | 1,566,062 |
| Accounts receivable-related parties | 41,162 | 38,159 | 34,629 |
| Less: Loss allowance | <u>(41,557)</u> | <u>(27,142)</u> | <u>(23,559)</u> |
| | <u>\$ 2,375,574</u> | <u>2,131,059</u> | <u>1,623,808</u> |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and days past due, as well as the incorporated forward-looking information.

The loss allowance provision was determined as follows:

| | March 31, 2022 | | |
|----------------------------|----------------------------------|--|--|
| | Gross carrying amount | Weighted-aver age expected credit loss rate | Lifetime expected credit loss allowance |
| Not overdue | \$ 1,888,871 | 0~3.441% | 6,294 |
| Overdue within 30 days | 190,792 | 0~8.961% | 2,340 |
| Overdue 31~120 days | 279,618 | 0~24.777% | 11,919 |
| Overdue 121~180 days | 35,420 | 0~38.273% | 3,287 |
| Overdue 181~365 days | 21,249 | 0~100% | 16,536 |
| Overdue more than 365 days | <u>1,181</u> | 100% | <u>1,181</u> |
| | <u>\$ 2,417,131</u> | | <u>41,557</u> |

| | December 31, 2021 | | |
|----------------------------|----------------------------------|--|--|
| | Gross carrying amount | Weighted-aver age expected credit loss rate | Lifetime expected credit loss allowance |
| Not overdue | \$ 1,659,674 | 0~100% | 3,992 |
| Overdue within 30 days | 197,963 | 0~0.757% | 2,844 |
| Overdue 31~120 days | 248,723 | 0~100% | 6,807 |
| Overdue 121~180 days | 31,976 | 0~100% | 5,010 |
| Overdue 181~365 days | 19,286 | 0~100% | 7,910 |
| Overdue more than 365 days | <u>579</u> | 100% | <u>579</u> |
| | <u>\$ 2,158,201</u> | | <u>27,142</u> |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | March 31, 2021 | | |
|------------------------|----------------------------------|--|--|
| | Gross carrying amount | Weighted-aver age expected credit loss rate | Lifetime expected credit loss allowance |
| Not overdue | \$ 1,335,109 | 0~100% | 3,974 |
| Overdue within 30 days | 118,380 | 0~0.772% | 527 |
| Overdue 31~120 days | 171,700 | 0~100% | 6,718 |
| Overdue 121~180 days | 9,569 | 0~100% | 3,283 |
| Overdue 181~365 days | 12,609 | 0~100% | 9,057 |
| | <u>\$ 1,647,367</u> | | <u>23,559</u> |

The movements in the allowance for accounts receivable were as follow:

| | For the three-month periods ended March 31 | |
|--|---|----------------------|
| | 2022 | 2021 |
| Balance as of January 1 | \$ 27,142 | 30,093 |
| Impairment losses recognized (reversed) | 13,103 | (6,066) |
| Effect of changes in foreign exchange rate | 1,312 | (468) |
| Balance as of March 31 | <u>\$ 41,557</u> | <u>23,559</u> |

As of March 31, 2022, December 31, 2021 and March 31, 2021, the notes and accounts receivable were not discounted and pledged.

(c) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

| | Land | Buildings and structures | Computers and other equipment | Transportation equipment | Office equipment | Lease improvements | Lease equipment | Construction in progress and testing equipment | Total |
|--|----------------|-------------------------------------|--|-------------------------------------|-----------------------------|-------------------------------|----------------------------|---|----------------|
| Cost : | | | | | | | | | |
| Balance as of January 1, 2022 \$ | 190,856 | 570,798 | 120,576 | 3,947 | 49,159 | 39,216 | - | 779 | 975,331 |
| Additions | - | - | 2,720 | - | 3 | - | - | - | 2,723 |
| Disposals | - | - | (2,203) | - | (443) | (1,077) | - | - | (3,723) |
| Effect of changes in foreign exchange rates | - | 9,449 | 2,291 | 148 | 1,370 | 1,009 | - | 29 | 14,296 |
| Balance as of March 31, 2022 \$ | 190,856 | 580,247 | 123,384 | 4,095 | 50,089 | 39,148 | - | 808 | 988,627 |
| Balance as of January 1, 2021 \$ | 185,913 | 561,994 | 97,797 | - | 48,463 | 39,308 | 504 | 856 | 934,835 |
| Additions | - | 14,948 | 2,150 | 3,973 | 121 | 923 | - | 1,357 | 23,472 |
| Reclassification (Note) | - | - | - | - | - | - | - | 1,845 | 1,845 |
| Disposals | - | - | (1,315) | - | (672) | - | (504) | - | (2,491) |
| Effect of changes in foreign exchange rates | - | (820) | (414) | (20) | (280) | (573) | - | (19) | (2,126) |
| Balance as of March 31, 2021 \$ | 185,913 | 576,122 | 98,218 | 3,953 | 47,632 | 39,658 | - | 4,039 | 955,535 |
| Accumulated depreciation : | | | | | | | | | |
| Balance as of January 1, 2022 \$ | - | 43,573 | 73,817 | 592 | 21,332 | 22,164 | - | - | 161,478 |
| Depreciation | - | 4,617 | 5,460 | 200 | 2,115 | 1,077 | - | - | 13,469 |
| Disposals | - | - | (2,051) | - | (192) | (547) | - | - | (2,790) |
| Effect of changes in foreign exchange rates | - | 809 | 1,301 | 27 | 594 | 541 | - | - | 3,272 |
| Balance as of March 31, 2022 \$ | - | 48,999 | 78,527 | 819 | 23,849 | 23,235 | - | - | 175,429 |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | Land | Buildings and structures | Computers and other equipment | Transportation equipment | Office equipment | Lease improvements | Lease equipment | Construction in progress and testing equipment | Total |
|--|---------|-----------------------------|-------------------------------------|-----------------------------|---------------------|-----------------------|--------------------|---|---------|
| Balance as of January 1, 2021 \$ | - | 25,367 | 58,877 | - | 13,998 | 25,588 | 504 | - | 124,334 |
| Depreciation | - | 4,540 | 4,634 | - | 2,120 | 1,271 | - | - | 12,565 |
| Disposals | - | - | (1,307) | - | (253) | - | (504) | - | (2,064) |
| Effect of changes in foreign exchange rates | - | (50) | (263) | - | (124) | (304) | - | - | (741) |
| Balance as of March 31, 2021 \$ | - | 29,857 | 61,941 | - | 15,741 | 26,555 | - | - | 134,094 |
| Carrying value : | | | | | | | | | |
| Balance as of January 1, 2022 \$ | 190,856 | 527,225 | 46,759 | 3,355 | 27,827 | 17,052 | - | 779 | 813,853 |
| Balance as of March 31, 2022 \$ | 190,856 | 531,248 | 44,857 | 3,276 | 26,240 | 15,913 | - | 808 | 813,198 |
| Balance as of January 1, 2021 \$ | 185,913 | 536,627 | 38,920 | - | 34,465 | 13,720 | - | 856 | 810,501 |
| Balance as of March 31, 2021 \$ | 185,913 | 546,265 | 36,277 | 3,953 | 31,891 | 13,103 | - | 4,039 | 821,441 |

Note: Reclassifications are mainly transferring from prepayment for land and building and structures.

As of March 31, 2022, December 31, 2021, and March 31, 2021, the property, plant and equipment were pledged, please refer to Note 8.

(d) Right-of-use assets

The Group leases buildings and structures and transportation equipment. The movements in right-of-use assets were as follows:

| | Buildings and structures | Transportation equipment | Total |
|---|-----------------------------|-----------------------------|---------------|
| Cost: | | | |
| Balance as of January 1, 2022 | \$ 88,614 | 1,323 | 89,937 |
| Additions | 5,721 | - | 5,721 |
| Disposals | (8,451) | - | (8,451) |
| Effect of changes in foreign exchange rates | 2,506 | - | 2,506 |
| Balance as of March 31, 2022 | <u>\$ 88,390</u> | <u>1,323</u> | <u>89,713</u> |
| Balance as January 1, 2021 | \$ 85,268 | 1,603 | 86,871 |
| Disposals | (5,863) | - | (5,863) |
| Effect of changes in foreign exchange rates | (1,300) | (1) | (1,301) |
| Balance as of March 31, 2021 | <u>\$ 78,105</u> | <u>1,602</u> | <u>79,707</u> |
| Accumulated depreciation: | | | |
| Balance as of January 1, 2022 | \$ 31,168 | 1,029 | 32,197 |
| Depreciation | 7,221 | 110 | 7,331 |
| Disposals | (8,375) | - | (8,375) |
| Effect of changes in foreign exchange rates | 921 | - | 921 |
| Balance as of March 31, 2022 | <u>\$ 30,935</u> | <u>1,139</u> | <u>32,074</u> |
| Balance as of January 1, 2021 | \$ 31,790 | 781 | 32,571 |
| Depreciation | 7,164 | 139 | 7,303 |
| Disposals | (5,027) | - | (5,027) |
| Effect of changes in foreign exchange rates | (817) | (1) | (818) |
| Balance as of March 31, 2021 | <u>\$ 33,110</u> | <u>919</u> | <u>34,029</u> |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | <u>Buildings and structures</u> | <u>Transportation equipment</u> | <u>Total</u> |
|-------------------------------|-------------------------------------|-------------------------------------|---------------|
| Carrying amount: | | | |
| Balance as of January 1, 2022 | <u>\$ 57,446</u> | <u>294</u> | <u>57,740</u> |
| Balance as of March 31, 2022 | <u>\$ 57,455</u> | <u>184</u> | <u>57,639</u> |
| Balance as of January 1, 2021 | <u>\$ 53,478</u> | <u>822</u> | <u>54,300</u> |
| Balance as of March 31, 2021 | <u>\$ 44,995</u> | <u>683</u> | <u>45,678</u> |

(e) Intangible assets

The movements in intangible assets were as follows:

| | <u>Software</u> | <u>Goodwill</u> | <u>Total</u> |
|---|------------------|-----------------|------------------|
| Cost: | | | |
| Balance as of January 1, 2022 | \$ 72,387 | 16,889 | 89,276 |
| Additions | 2,915 | - | 2,915 |
| Disposals | (18,943) | - | (18,943) |
| Effect of changes in foreign exchange rates | 866 | (357) | 509 |
| Balance as of March 31, 2022 | <u>\$ 57,225</u> | <u>16,532</u> | <u>73,757</u> |
| Balance as of January 1, 2021 | \$ 55,909 | 19,349 | 75,258 |
| Additions | 929 | - | 929 |
| Effect of changes in foreign exchange rates | (165) | (1,212) | (1,377) |
| Balance as of March 31, 2021 | <u>\$ 56,673</u> | <u>18,137</u> | <u>74,810</u> |
| Accumulated amortization: | | | |
| Balance as of January 1, 2022 | \$ 50,361 | - | \$ 50,361 |
| Amortization | 3,021 | - | 3,021 |
| Disposals | (18,943) | - | (18,943) |
| Effect of changes in foreign exchange rates | 511 | - | 511 |
| Balance as of March 31, 2022 | <u>\$ 34,950</u> | <u>-</u> | <u>\$ 34,950</u> |
| Balance as of January 1, 2021 | \$ 42,388 | - | 42,388 |
| Amortization | 1,870 | - | 1,870 |
| Effect of changes in foreign exchange rates | (100) | - | (100) |
| Balance as of March 31, 2021 | <u>\$ 44,158</u> | <u>-</u> | <u>44,158</u> |
| Carrying value: | | | |
| Balance as of January 1, 2022 | <u>\$ 22,026</u> | <u>16,889</u> | <u>38,915</u> |
| Balance as of March 31, 2022 | <u>\$ 22,275</u> | <u>16,532</u> | <u>38,807</u> |
| Balance as of January 1, 2021 | <u>\$ 13,521</u> | <u>19,349</u> | <u>32,870</u> |
| Balance as of March 31, 2021 | <u>\$ 12,515</u> | <u>18,137</u> | <u>30,652</u> |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(f) Other current assets and other non-current assets

(i) Other current assets

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---------------------|---------------------------|------------------------------|---------------------------|
| Refundable deposits | \$ 13,565 | 18,783 | 12,580 |
| Temporary payment | 1,491 | 1,618 | 572 |
| Tax receivable | 9 | - | - |
| | <u>\$ 15,065</u> | <u>20,401</u> | <u>13,152</u> |

(ii) Other non-current assets

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|--------------------------|---------------------------|------------------------------|---------------------------|
| Refundable deposits | \$ 17,270 | 13,544 | 11,282 |
| Prepayment for equipment | 584 | 104 | 2,047 |
| | <u>\$ 17,854</u> | <u>13,648</u> | <u>13,329</u> |

(iii) As of March 31, 2022, December 31, 2021, and March 31, 2021, the other current assets and other non-current assets were pledged, please refer to Note 8.

(g) Loans

(i) Short-term loans

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|--------------------------|----------------------------|------------------------------|---------------------------|
| Unsecured bank loans | <u>\$ 27,078</u> | <u>107,230</u> | <u>-</u> |
| Unused bank credit lines | <u>\$ 2,117,149</u> | <u>1,994,485</u> | <u>1,784,551</u> |
| Range of interest rates | <u>0.795%~0.87%</u> | <u>0.51%~0.7%</u> | <u>-</u> |

(ii) Long-term loans

| | March 31, 2022 | | |
|--------------------------|-------------------------|-------------------|----------------------|
| | CNY (thousand) | Expiration | Amount |
| Secured bank loans | 14,205 | 2022.4~2028.10 | 64,092 |
| Less: current portion | <u>(1,936)</u> | | <u>(8,734)</u> |
| | <u>\$ 12,269</u> | | <u>55,358</u> |
| Unused bank credit lines | <u>\$ -</u> | | <u>-</u> |
| Range of interest rates | | | <u>3.90%</u> |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | December 31, 2021 | | |
|--------------------------|--------------------------|-------------------|---------------|
| | CNY (thousand) | Expiration | Amount |
| Secured bank loans | 14,676 | 2022.1~2028.10 | 63,817 |
| Less: current portion | (1,903) | | (8,274) |
| | \$ 12,773 | | 55,543 |
| Unused bank credit lines | \$ - | | - |
| Range of interest rates | | | 4.00% |

| | March 31, 2021 | | |
|--------------------------|-----------------------|-------------------|---------------|
| | CNY (thousand) | Expiration | Amount |
| Secured bank loans | 16,052 | 2022.04~2028.10 | 69,904 |
| Less: current portion | (1,846) | | (8,038) |
| | \$ 14,206 | | 61,866 |
| Unused bank credit lines | \$ - | | - |
| Range of interest rates | | | 4.00% |

As of March 31, 2022, the details of the future repayment period of the long-term loans were as follows:

| Period | Amount |
|----------------------------|------------------|
| Within one year | \$ 8,734 |
| Between one and five years | 38,591 |
| Over five years | 16,767 |
| | \$ 64,092 |

(ii) For the collateral for bank loans, please refer to Note 8.

(h) Lease liabilities

The carrying amounts of lease liabilities were as follow:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|-------------|---------------------------|------------------------------|---------------------------|
| Current | \$ 29,916 | 26,453 | 19,594 |
| Non-current | \$ 23,512 | 27,417 | 21,524 |

For the maturity analysis, please refer to Note 6(p).

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

The amount recognized in profit or loss were as follows:

| | For the three-month periods ended March 31 | |
|---|---|--------------|
| | 2022 | 2021 |
| Interest expenses on lease liabilities | \$ 500 | 466 |
| Expenses relating to short-term leases | \$ 2,768 | 2,568 |
| Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets) | \$ 2,901 | 3,153 |

The amounts recognized in the statement of cash flows for the Group was as follows:

| | For the three-month periods ended March 31 | |
|-------------------------------|---|---------------|
| | 2022 | 2021 |
| Total cash outflow for leases | \$ 13,716 | 12,912 |

(i) Leases of buildings and structures

As of March 31, 2022, the Group leases buildings and structures for its office space. The leases of office space run for a period of 1 to 10 years.

(ii) Other leases

The Group lease some office equipment. These leases are short-term or leases of low-value items. The Group has selected not to recognize right-of use assets and lease liabilities for these leases.

(i) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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

| | For the three-month periods ended March 31 | |
|-------------------------|---|-------------|
| | 2022 | 2021 |
| Operating cost | \$ 59 | 56 |
| Selling expenses | 9 | 10 |
| Administration expenses | 259 | 189 |
| | \$ 327 | 255 |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

| | For the three-month periods ended March 31 | |
|-----------------------------------|---|---------------|
| | 2022 | 2021 |
| Operating cost | \$ 72,974 | 48,110 |
| Selling expenses | 2,934 | 2,014 |
| Administration expenses | 6,709 | 4,661 |
| Research and development expenses | 345 | 223 |
| | \$ 82,962 | 55,008 |

(j) Income tax

(i) Income tax expense

The components of income tax expense were as follows:

| | For the three-month periods ended March 31 | |
|---------------------|---|---------------|
| | 2022 | 2021 |
| Current tax expense | \$ 18,901 | 18,472 |

(ii) There is no income tax recognized directly in equity or other comprehensive income for the three-month period ended March 31, 2022 and 2021.

(iii) The Company's corporate income tax returns for the year through 2019 were assessed by the local tax authorities.

(k) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6 (l) of the consolidated financial statements for the year ended December 31, 2021.

(i) Common stock

As of March 31, 2022, December 31, 2021, and March 31, 2021, the Group's authorized common stock were 120,000 thousand shares with a par value of \$10 dollars per share, amounting to \$1,200,000, of which 67,152 thousand shares, 66,921 thousand shares and 66,708 thousand shares, respectively, were issued. And the capital surplus were \$671,523, \$669,211 and \$667,083. All proceeds from shares issued have been collected.

On March 8, 2022, the Company's Board of Directors approved a resolution to distribute the employees' profit sharing bonus amounting to \$20,000, consisting of 231 thousand shares. The application of the capital increase was not yet approved by the Financial Supervisory Commission.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

On March 10, 2021, the Company's Board of Directors approved a resolution to distribute the employees' profit sharing bonus amounting to \$20,000, consisting of 213 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The date of capital increase was resolved to be May 24, 2021, by the Board of Directors. The relevant registration procedures had been completed.

(ii) Retained earning

The Company's Article of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; and also set aside special capital reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 5% of the remaining earnings. The Company's appropriations of earnings are approved in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

The Company considers that the current industrial development of the Company is in a stage of stable growth. In order to cooperate with the Company's long-term capital planning for sustainable operation and stable growth, the Company adopts the residual dividend policy. The annual cash dividends paid shall not be less than 10% of the total cash dividends and stock dividends.

The appropriations of earning for 2021 and 2020 had been approved by the Company's Board of Directors held on March 8, 2022 and the shareholders' meetings held on July 23, 2021, respectively. The appropriations and dividends were as follows:

| | 2021 | 2019 |
|----------------|-------------------|----------------|
| Cash dividends | \$ 304,773 | 328,752 |

(iii) Treasury shares

- a) The Company repurchased its own common stock as treasury shares in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act.

The repurchase period is from March 30 to May 29, 2020. The repurchased treasury shares were 958 thousand shares, which is amounting to \$73,500 in total. The cost \$3,487 was recognized for the three-month period ended March,31, 2022.As of March 31, 2022, December 31, 2021, and March 31, 2021, the repurchased treasury shares were 958 thousand shares, shares transferred to employees were 474 thousand shares, 0 thousand shares and 0 thousand shares. Therefore, as of March 31, 2022, December 31, 2021, and March 31, 2021, the shares of treasury shares held were 484 thousand shares, 958 thousand shares and 958 thousand shares.

- b) Treasury stock cannot be pledged for debts, and treasury shares do not carry any shareholder rights until it is transferred.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | | |
|--|-----------|--|
| (iv) Other equity interest, net of tax | | Exchange differences on translation of foreign financial statements |
| | | \$ |
| Balance as of January 1, 2022 | | (107,053) |
| Foreign currency translation differences | | 67,124 |
| Balance as of March 31, 2022 | | \$ (39,929) |
| Balance as of January 1, 2021 | | \$ (81,212) |
| Foreign currency transaction differences | | (13,319) |
| Balance as of March 31, 2021 | | \$ (94,531) |
| | | |
| (l) Earnings per share (“EPS”) | | |
| (i) Basic earnings per share | | For the three-month periods ended March 31 |
| | | 2022 |
| | | 2021 |
| Net profit belonging to common shareholders | \$ | 109,782 |
| Weighted average common stock outstanding (in thousands shares) | | 66,143 |
| Basic earnings per share (in dollars) | \$ | 1.66 |
| (ii) Diluted earnings per share | | For the three-month periods ended March 31 |
| | | 2022 |
| | | 2021 |
| Net profit belonging to common shareholders | \$ | 109,782 |
| Weighted average common stock outstanding (in thousands shares) | | 66,143 |
| Effect of potentially dilutive common stock (in thousands shares) | | 65,800 |
| Employees’ profit sharing bonus | 507 | 418 |
| Employees’ profit sharing bonus of subsidiary company | 129 | 163 |
| Weighted average number of common stock (diluted) (in thousands shares) | | 66,779 |
| Diluted earnings per share (in dollars) | \$ | 1.64 |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(m) Revenue from contracts with customers

(i) Disaggregation of revenue

| | For the three-month periods ended March 31 | |
|-------------------------------|---|------------------|
| | 2022 | 2021 |
| Primary geographical markets: | | |
| China | \$ 1,229,929 | 792,837 |
| Taiwan | 302,388 | 230,058 |
| Japan | 171,795 | 193,931 |
| Other | 124,396 | 152,138 |
| | \$ 1,828,508 | 1,368,964 |
| Major products: | | |
| IT service revenue | \$ 1,828,508 | 1,368,964 |

(ii) Balance of contracts

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|--|---------------------------|------------------------------|---------------------------|
| Notes and accounts receivable (including related parties) | \$ 2,417,131 | 2,158,201 | 1,647,367 |
| Less: loss allowance | (41,557) | (27,142) | (23,559) |
| Total | \$ 2,375,574 | 2,131,059 | 1,623,808 |
| Contract assets | \$ 11,710 | 12,592 | 23,314 |
| Less: loss allowance | (351) | (377) | (699) |
| Total | \$ 11,359 | 12,215 | 22,615 |

The movements in the allowance for contract assets were as follow:

| | For the three-month periods ended March 31 | | |
|--|---|------------------------------|---------------------------|
| | 2022 | 2021 | |
| Balance at January 1 | \$ 377 | 963 | |
| Impairment losses reversed | (34) | (263) | |
| Effect of changes in foreign exchange rate | 8 | (1) | |
| Balance of March 31 | \$ 351 | 699 | |
| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| Contract liabilities | \$ 14,964 | 14,665 | 13,425 |

For details of notes and accounts receivable and loss allowance, please refer to Note 6(b).

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

The Group uses a simplified approach to contract assets to estimate expected credit losses based on the loss rate method.

The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that was included in the contract liabilities balance at the beginning of the year was \$5,659 and \$10,115, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes during the period.

(n) Employees' and directors' profit sharing bonus

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' profit sharing bonus) it shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

- (i) No less than 10% of profit as employees' profit sharing bonus. The Company may distribute in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company, depends on certain specific requirement determined by the Board of Directors.
- (ii) No more than 2% of profit as the profit sharing bonus in cash to the Directors.

The Company's estimated of employees' and directors' profit sharing bonus were as follows:

| | For the three-month periods ended March 31 | |
|---------------------------------|---|---------------|
| | 2022 | 2021 |
| Employee's profit sharing bonus | \$ 13,920 | 13,190 |
| Directors' profit sharing bonus | 2,780 | 2,630 |
| | \$ 16,700 | 15,820 |

The amounts are calculated by the net profit before tax excluding employees' and directors' profit sharing bonus, of each period multiplied by the percentage of employees' and directors' profit sharing bonus as specified in the Company's Article of Incorporation. The amounts excluding the part of subsidiaries are accounted for under operating expense in 2022 and 2021. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in next year. If the Company's Board of Directors approved to distribute employee's profit sharing bonus by shares, the number of shares were calculated based on the closing price of the Company's common stock, one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website.

The Company accrued and recognized employees' profit sharing bonus of \$57,120 and \$56,219 and directors' profit sharing bonus of \$11,100 and \$11,240 for the years ended December 31, 2021 and 2019. The amounts resolved by the Board of Directors were in agreement with those amounts recognized. Related information would be available at the Market Observation Post System website.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(o) Non-operating income and expenses

(i) Interest income

| | For the three-month periods ended March 31 | |
|-----------------|---|--------------|
| | 2022 | 2021 |
| Interest income | \$ 1,446 | 2,349 |

(ii) Other income

| | For the three-month periods ended March 31 | |
|-------------------|---|--------------|
| | 2022 | 2021 |
| Government grants | \$ 1,727 | 9,019 |

(iii) Other gains and losses

| | For the three-month periods ended March 31 | |
|--|---|----------------|
| | 2022 | 2021 |
| Foreign exchange gains (losses), net | \$ 745 | (1,460) |
| Losses on disposals of property, plant and equipment, net | (735) | (290) |
| Losses on lease modification | - | (244) |
| Gains on disposal of investment | 2,959 | - |
| Others | 721 | 796 |
| | \$ 3,690 | (1,198) |

(iv) Finance costs

| | For the three-month periods ended March 31 | |
|-------------------|---|----------------|
| | 2022 | 2021 |
| Interest expenses | \$ (1,265) | (1,191) |

(p) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note (q) of the consolidated financial statements for the year ended December 31, 2021.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(i) Credit risk

1) Credit risk exposure

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

2) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to Note 6(b). For the detail and impairment of contract asset, please refer to Note 6(m).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(g).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

| | Carrying amount | Contractual cash flows | Within 1 year | 1-2 years | Over 2 years |
|--|---------------------|---------------------------|------------------|---------------|---------------|
| As of March 31, 2022 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | \$ 27,078 | 27,120 | 27,120 | - | - |
| Accounts payable | 81,350 | 81,350 | 81,350 | - | - |
| Other payables (including related parties) | 854,159 | 854,159 | 854,159 | - | - |
| Lease liabilities (current and non-current) | 53,428 | 55,514 | 31,370 | 19,384 | 4,760 |
| Long-term loans (including current portion) | 64,092 | 72,839 | 11,107 | 11,106 | 50,626 |
| | <u>\$ 1,080,107</u> | <u>1,090,982</u> | <u>1,005,106</u> | <u>30,490</u> | <u>55,386</u> |
| As of December 31, 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | \$ 107,230 | 107,345 | 107,345 | - | - |
| Accounts payable (including related parties) | 94,687 | 94,687 | 94,687 | - | - |
| Other payables (including related parties) | 1,048,174 | 1,048,174 | 1,048,174 | - | - |
| Lease liabilities (current and non-current) | 53,870 | 56,258 | 28,012 | 21,089 | 7,157 |
| Long-term loans (including current portion) | 63,817 | 73,137 | 10,704 | 10,703 | 51,730 |
| | <u>\$ 1,367,778</u> | <u>1,379,601</u> | <u>1,288,922</u> | <u>31,792</u> | <u>58,887</u> |
| As of March 31, 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Accounts payable (including related parties) | \$ 87,347 | 87,347 | 87,347 | - | - |
| Other payables (including related parties) | 647,030 | 647,030 | 647,030 | - | - |
| Lease liabilities (current and non-current) | 41,118 | 43,324 | 20,876 | 14,835 | 7,612 |
| Long-term loans (including current portion) | 69,904 | 81,288 | 10,720 | 10,720 | 59,848 |
| | <u>\$ 845,399</u> | <u>858,988</u> | <u>765,973</u> | <u>25,555</u> | <u>67,460</u> |

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

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk were as follows:

| | March 31, 2022 | | | December 31, 2021 | | |
|-------------------------|---------------------|---------------|--------|---------------------|---------------|------------------------|
| | Foreign currency | Exchange rate | NTD | Foreign currency | Exchange rate | NTD |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ 297 | USD/TWD | 28.622 | 8,504 | 142 | USD/TWD 27.690 3,922 |
| CNY | 2,865 | CNY/HKD | 1.2342 | 12,929 | 3,902 | CNY/HKD 1.2246 16,966 |
| JPY | 39,627 | JPY/HKD | 0.0645 | 9,350 | 65,608 | JPY/HKD 0.0679 15,811 |
| JPY | | | | | 7,015 | JPY/CNY 0.0554 1,690 |
| USD | 2,246 | USD /HKD | 7.8294 | 64,285 | 2,522 | USD /HKD 7.7985 69,834 |

Financial Liabilities

Monetary items

| | | | | | | |
|-----|--------|---------|--------|--------|--------|-----------------------|
| USD | 149 | USD/HKD | 7.8294 | 4,258 | 305 | USD /HKD 7.7985 8,488 |
| CNY | 5,362 | CNY/HKD | 1.2342 | 24,193 | 8,602 | CNY/HKD 1.2246 37,402 |
| JPY | 30,000 | JPY/HKD | 0.0645 | 7,078 | 31,205 | JPY/HKD 0.0679 7,520 |

March 31, 2021

| | March 31, 2021 | | |
|-------------------------|---------------------|---------------|---------------|
| | Foreign currency | Exchange rate | NTD |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 908 | USD/TWD | 28.531 25,903 |
| CNY | 388 | CNY/HKD | 1.1870 1,690 |
| JPY | 60,193 | JPY/HKD | 0.0710 15,579 |
| USD | | | |
| JPY | 8,249 | JPY/CNY | 0.0590 2,135 |
| USD | 3,203 | USD /HKD | 7.7740 91,375 |

Financial Liabilities

Monetary items

| | | | |
|-----|--------|---------|---------------|
| USD | 858 | USD/HKD | 7.7740 24,489 |
| CNY | 4,540 | CNY/HKD | 1.1870 19,771 |
| JPY | 21,794 | JPY/HKD | 0.0710 5,641 |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, accounts payable (including related parties) and other payables that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the NTD against the USD, CNY and JPY for the three-month period ended March 31, 2022 and 2021 would have increased (decreased) the net profit after tax by \$2,948 and \$4,275, respectively. The analysis assumes that all other variables remain constant.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three-month period ended March 31, 2022 and 2021, foreign exchange gain (loss), including realized and unrealized portions, amounted to \$745 and \$(1,460), respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and three-month non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets 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 Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Group's net income would have increased / decreased by \$160 and \$175 for the three-month period ended March 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(v) Fair value information

The carrying amount of the financial assets and liabilities is reasonably close to the fair value, disclosure of fair value information is not required.

(q) Management of financial risk

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (r) of the consolidated financial statements for the year ended December 31, 2021.

(r) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note (s) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(s) Investing and Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities for the three-month period ended March 31, 2022 and 2021, were as follows:

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | <u>January 1, 2022</u> | <u>Cash flows</u> | <u>Repayments of long-term debt and lease liabilities</u> | <u>Non-cash changes</u> | | <u>March 31, 2022</u> |
|--|------------------------|-------------------|---|-------------------------|---|-----------------------|
| | | | | <u>Others</u> | <u>Effect of changes in foreign exchange rate</u> | |
| Short-term loans | \$ 107,230 | 142,333 | (222,692) | - | 207 | 27,078 |
| Long-term loans (including current portion) | 63,817 | - | (2,081) | - | 2,356 | 64,092 |
| Lease liabilities (current and non-current) | 53,870 | - | (7,547) | 5,645 | 1,460 | 53,428 |
| | <u>\$ 224,917</u> | <u>142,333</u> | <u>(232,320)</u> | <u>5,645</u> | <u>\$ 4,023</u> | <u>\$ 144,598</u> |

| | <u>January 1, 2021</u> | <u>Cash flows</u> | <u>Repayments of long-term debt and lease liabilities</u> | <u>Non-cash changes</u> | | <u>March 31, 2021</u> |
|--|------------------------|-------------------|---|-------------------------|---|-----------------------|
| | | | | <u>Others</u> | <u>Effect of changes in foreign exchange rate</u> | |
| Short-term loans | \$ - | 3,259 | (3,259) | - | - | - |
| Long-term loans (including current portion) | 72,107 | - | (1,979) | - | (224) | 69,904 |
| Long-term loans (including current portion) | 48,871 | - | (6,725) | (592) | (436) | 41,118 |
| | <u>\$ 120,978</u> | <u>3,259</u> | <u>(11,963)</u> | <u>(592)</u> | <u>(660)</u> | <u>111,022</u> |

(7) Related party transactions

(a) Names and relationship with related parties

The following are entities that have transactions with the Group during the periods covered in the financial statements.

| <u>Name of related party</u> | <u>Relationship with the Group</u> |
|--|--|
| Wistron Corporation (Wistron) | The entity with significant influence over the Group |
| Wiwynn Corporation (Wiwynn) | Other related parties |
| Winyinn Technology Service Kun Shan, Ltd. (WYKS) | Other related parties |
| WiAdance Technology Corporation (AGI) | Other related parties |
| Wistron NeWeb Corporation (WNC) | Other related parties |
| WIEDU CORPORATION (WETW) | Other related parties |

(b) Significant transactions with related parties

(i) Provide service to related parties

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

| | Revenue | | Accounts receivable -related parties | | |
|--|-------------------------------------|---------------|---|----------------------|-------------------|
| | For the three-month period ended | | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| | 2022 | 2021 | | | |
| Entities with significant influence over the Group | \$ 60,411 | 32,044 | 38,447 | 36,393 | 33,136 |
| Other related parties | 2,866 | 1,445 | 2,715 | 1,766 | 1,493 |
| Total | \$ 63,277 | 33,489 | 41,162 | 38,159 | 34,629 |

The selling price for related parties approximated the market price. The credit terms ranged from one to three months. Accounts receivable from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(ii) Contract liabilities

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group received \$0, \$241 and \$241 advance payment from the entity with significant influence over the Group which was recognized as current contract liabilities.

(iii) Other transactions

For the three-month period ended March 31, 2022 and 2021, other related parties provided management services to the Group amounted to \$50 and \$0. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balance of other accounts payable from the above transaction was \$53, \$196 and \$0.

For the three-month period ended March 31, 2022 and 2021, the Group purchased intangible assets from other related parties amounting to \$0 and \$138. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balance of other accounts payable from the above transaction was \$0, \$0 and \$92.

(iv) Receivables and payables to related parties were as follows:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|--------------------------------------|-------------------|----------------------|-------------------|
| Accounts receivable—related parties: | | | |
| Accounts receivable | \$ 41,162 | 38,159 | 34,629 |
| Accounts payable—related parties: | | | |
| Other payables | \$ 53 | 196 | 92 |

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | For the three-month periods ended March 31 | |
|------------------------------|---|---------------|
| | 2022 | 2021 |
| Short-term employee benefits | \$ 16,854 | 18,249 |
| Post-employment benefits | 319 | 315 |
| | \$ 17,173 | 18,564 |

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

| Pledged assets | Object | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|----------------------------------|--|---------------------------|------------------------------|---------------------------|
| Property, plant and equipment | Long-term loans (including current portions) | \$ 237,284 | 230,767 | 237,402 |

(9) Significant commitments and contingencies: None

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(12) Other

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| By function By item | For the three months ended, 2022 | | | For the three months ended, 2021 | | |
|----------------------------|----------------------------------|--------------------|-----------|----------------------------------|--------------------|---------|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salaries | 1,133,033 | 174,752 | 1,307,785 | 767,795 | 135,134 | 902,929 |
| Labor and health insurance | 61,344 | 10,714 | 72,058 | 44,474 | 12,258 | 56,732 |
| Pension | 73,033 | 10,256 | 83,289 | 48,166 | 7,097 | 55,263 |
| Others | 2,733 | 4,103 | 6,836 | 10,868 | 5,188 | 16,056 |
| Depreciation | 2,721 | 18,079 | 20,800 | 2,711 | 17,157 | 19,868 |
| Amortization | 46 | 2,975 | 3,021 | 270 | 1,600 | 1,870 |

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures

(a) General information and segment information

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three-month period ended March 31, 2022:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 1.
- (iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (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\$100 million or 20% of the capital stock: Please refer to Table 2.
- (viii) Accounts receivable from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statements

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions: Table 3.
- (b) Information on investees (excluding information on investees in mainland China): Please refer to Table 4.
- (c) Information on investment in mainland China: Please refer to Table 5.
- (d) Information on major shareholders: Please refer to Table 6.

(14) Segment information

The Group's chief operating decision maker determined its operating segment as the single reportable segment since the segment is mainly involved in IT Services. The performance of the operating segment is consistent with the consolidated financial report. Please refer to consolidated balance sheet and consolidated statement of comprehensive income.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Guarantees and endorsements for other parties

March 31, 2022

Table 1

| No. | Endorsement/ Guarantee Provider | Counter-party of guarantee and endorsement | | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1) | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Amount of Endorsement / Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements | Maximum amount for guarantees and endorsements (Note 1) | Guarantee Provided by Parent Company | Guarantee Provided by A Subsidiary | Guarantee Provided to Subsidiaries in Mainland China | Notes |
|-----|---------------------------------------|--|--|---|--------------------------------------|----------------|-----------------------------|--|---|--|---|--|--|-------|
| | | Name | Relationship with the company (Note 2) | | | | | | | | | | | |
| 0 | The Company | WIUS | 2 | 1,347,043 | 57,244 | 57,244 | - | - | 2.12% | 2,694,087 | Y | N | N | - |
| 0 | The Company | WIHK | 2 | 1,347,043 | 114,488 | 114,488 | 7,077 | - | 4.25% | 2,694,087 | Y | N | N | - |
| 0 | The Company | WIBJ | 2 | 1,347,043 | 90,240 | 90,240 | - | - | 3.35% | 2,694,087 | Y | N | Y | - |
| 0 | The Company | WIWZ | 2 | 1,347,043 | 690,612 | 690,612 | - | - | 25.63% | 2,694,087 | Y | N | Y | - |
| 0 | The Company | WISS | 2 | 1,347,043 | 145,000 | 145,000 | 34,847 | - | 5.38% | 2,694,087 | Y | N | N | - |

(Note 1) The total amount for guarantees and endorsements provided by the Company shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

Except for the subsidiary which was owned more than 90% by the guarantor which the total amount for guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant. The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's net worth, which was audited or reviewed by Certified Public Accountant.

The amount for guarantees and endorsements provided by the Company and its subsidiaries to other entities shall not exceed the Company's net worth, which was audited or reviewed by Certified Public Accountant.

Except for the subsidiary which was owned more than 90% by the guarantor which the total amount for guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant. The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth, was audited or reviewed by Certified Public Accountant.

(Note 2) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which was owned more than 50% by the guarantor.
3. An investee which was owned more than 50% in total by both the guarantor and its subsidiary.
4. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock

March 31, 2022

Table 2

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Account/note receivable (payable) | | Notes |
|-----------------|---------------|-----------------------------|---------------------|-----------|-------------------------------------|--|--|--|-----------------------------------|--|--------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Balance | Percentage of total accounts/note receivable (payable) | |
| WIWZ | WIBJ | Parent - subsidiary company | Sales | (156,374) | 12.08% | Not significantly different from the third-parties sales. (generally Transaction) | Not significantly different from the third-parties sales. (generally Transaction) | Not significantly different from the third-parties sales. (generally Transaction) | 69,754 | 4.13% | (Note) |
| WIBJ | WIWZ | Parent - subsidiary company | Purchases | 156,374 | 99.99% | " | " | " | (69,754) | 100% | " |

(Note)The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

March 31, 2022

Table 3

| No. (Note 1) | Company Name | Related Party | Nature of relationship (Note 2) | Transaction | | | Percentage of the consolidated sales revenue or total assets (Note 4) |
|-----------------|--------------|---------------|---------------------------------------|---------------------------------------|---------|--|---|
| | | | | Financial Statements Item (Note 3) | Amount | Trading Terms | |
| 0 | The Company | WIHK | 1 | Service Revenue | 29,383 | Not s different from the third parties sales.(generally transaction) | 1.61% |
| 2 | WIHK | WIJP | 3 | " | 20,445 | " | 1.12% |
| 2 | WIHK | WIUS | 3 | " | 28,832 | " | 1.58% |
| 3 | WIBJ | WIWZ | 3 | " | 17,424 | " | 0.95% |
| 4 | WIYC | WIWZ | 3 | " | 1,799 | " | 0.10% |
| 5 | WIWZ | WIBJ | 3 | " | 156,374 | " | 8.55% |
| 5 | WIWZ | WIHK | 3 | " | 59,566 | " | 3.26% |
| 7 | WIWZ | WIYC | 3 | " | 1,205 | " | 0.07% |
| 0 | The Company | WIHK | 1 | Accounts receivables-related parties | 141 | " | - |
| 2 | WIHK | WIJP | 3 | " | 6,520 | " | 0.16% |
| 2 | WIHK | WIUS | 3 | " | 11,030 | " | 0.28% |
| 3 | WIBJ | WIWZ | 3 | " | 15,339 | " | 0.39% |
| 4 | WIYC | WIWZ | 3 | " | 644 | " | 0.02% |
| 5 | WIWZ | WIBJ | 3 | " | 69,754 | " | 1.75% |

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

March 31, 2022

| No. (Note 1) | Company Name | Related Party | Nature of relationship (Note 2) | Transaction | | | |
|-----------------|--------------|---------------|---------------------------------------|---|--------|--|---|
| | | | | Financial Statements Item (Note 3) | Amount | Trading Terms | Percentage of the consolidated sales revenue or total assets (Note 4) |
| 5 | WIWZ | WIHK | 3 | Accounts receivables-related parties | 24,193 | Not significantly different from the third-parties sales.(generally transaction) | 0.61% |

Note 1: Company numbering as follows:

1. Parent company - 0
2. Subsidiaries starts from 1

Note 2: Relationship:

1. Transactions between parent company and subsidiary
2. Transactions between subsidiary and parent company
3. Transactions between subsidiary and subsidiary

Note 3: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as the purchase and accounts payable of counter - party.

Note 4: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investees (excluding investees in mainland China)

March 31, 2022

Table 4

| Name of investor | Name of investee | Location | Major operations | Initial investment amount | | Ending balance | | | Net income (losses) of the investee | Investment income (losses) | Notes |
|------------------|------------------|-----------|--|---------------------------|-------------------|----------------|-----------------|------------|-------------------------------------|----------------------------|--------|
| | | | | Ending balance | Beginning balance | Shares | Ratio of shares | Book value | | | |
| The Company | WIBI | B.V.I | Professional investment enterprise | 294,184 | 294,184 | 180,000,000 | 100.00% | 1,963,982 | 45,943 | 45,943 | (Note) |
| The Company | WIIP | Japan | Research, develop, design of software, and information consulting service | 29,564 | 29,564 | 1,960 | 100.00% | 130,484 | 7,243 | 7,243 | " |
| The Company | WIHK | Hong Kong | Research, develop, design of software, and information consulting service | 44 | 44 | 10,000 | 100.00% | 51,044 | 4,180 | 4,180 | " |
| The Company | WIUS | U.S.A | Research, develop, design of software, and information consulting service | 7,586 | 7,586 | 250,000 | 100.00% | 27,824 | 1,733 | 1,733 | " |
| The Company | WISS | Taiwan | Research, develop, design of software, and information consulting service | 5,000 | 5,000 | 500,000 | 100.00% | 5,077 | 94 | 94 | " |
| WIBI | WIHH | Hong Kong | Professional investment enterprise and research, develop, design of software, and information consulting service | 3,012 | 3,012 | 49,008,308 | 100.00% | 1,963,726 | 42,986 | 42,986 | " |

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
Information on investment in Mainland China
March 31, 2021

Table 5

1. Information on Investment in Mainland China:

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of March 31, 2022 | Net income (losses) of the investee | Direct/ indirect shareholding (%) by the Company | Share of Profits/Losses (Notes 2 · 8) | Carrying Amount as of March 31, 2022 (Note 2 · 8) | Accumulated Inward Remittance of Earnings as of March 31, 2022 | Note |
|------------------|---|---------------------------------|----------------------|---|------------------|--------|--|-------------------------------------|--|---------------------------------------|---|--|---------|
| | | | | | Outflow | Inflow | | | | | | | |
| QT | Research, develop, design of software, and information consulting service | 4,445 | (Note 1)1. | 2,304 | - | - | 2,304 | - | - | - | - | - | (Note8) |
| WIBJ | Research, develop, design of software, and information consulting service | 887,355 | (Note 1)1. | 169,420 | - | - | 169,420 | 42,986 (Note 3) | 100.00% | 42,986 (Note 3) | 1,961,071 | - | (Note9) |
| WIWZ | Research, develop, design of software, and information consulting service | 667,314 | (Note 1)2. | - | - | - | - | 55,262 (Note 3) | 100.00% | 55,262 (Note 3) | 1,556,765 | - | - |
| WIYC | Research, develop, design of software, and information consulting service | 24,449 | (Note 1)2. | - | - | - | - | 76 (Note 3) | 100.00% | 76 (Note 3) | 18,416 | - | - |
| WIHZ | Research, develop, design of software, and information consulting service | 218 | (Note 1)2. | - | - | - | - | - (Note 3) | 100.00% | - (Note 3) | 226 | - | - |

2. Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of March 31, 2022 (Note 4) | Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6) (Note 7) | Upper Limit on Investment (Note 5) |
|--|---|------------------------------------|
| 204,114 (USD 7,131,356) | 915,370 (USD 31,981,356) | 1,616,452 |

(Note 1) : Ways to invest in Mainland hina :

1. Indirect investment in Mainland China company through the company established in a third region.
2. Indirect investment in Mainland China company through Mainland China company.

(Note 2) : The amount of the net income (losses) and the investee company carrying value as of March 31, 2022 were recognized by the investment through subsidiaries established in a third region or Mainland China.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****Information on investment in Mainland China****March 31, 2022**

(Note3) : The financial statements of the investee company were reviewed by the company's auditor.

(Note 4) : Translated using the ending rate on March 31, 2022, which was USD : NTD = 1 : 28.622 .

(Note 5) : The limit was the higher of 60% of the Company's net worth or NTD 80 million dollars.

(Note 6) : Of which USD 1,000,000 was the investment in the dissolved subsidiary at Hangzhou. Due to operating losses, the investment has been completely lost and cannot be remitted; Of which USD 757,756 was the investment in the dissolved subsidiary at Zhejiang.

(Note 7) : The Company increases investment in Mainland China (WIBJ) by USD 11,000,000 through the Company established in a third region(WIBI), and the investment has been authorized by Investment Commission, MOEA.

(Note 8): QT, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation in the 4th quarter of 2021. The said investment capital amounting to USD 2,778.40, which entitled the Company to a full ownership of the entity, had been remitted to WIBI in January 2022.

(Note 9) : The Company's Board of Directors approved that WIBJ increased the capital from retained earnings, amounting to CNY 88,113 thousand, to strengthen its finance performance and capital structure in its meeting on January 12, 2022. Afterwards, the share capital increased from CNY 111,887 thousand to CNY 200,000 thousand.

(Note 10) : The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions :

For the three-month period ended March 31, 2022, the significant transactions of the entities in China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**Information on major shareholders****March 31, 2022**

Table 6

| Shareholder's Name | Shareholding | |
|--|---------------------|-------------------|
| | Shares | Percentage |
| Wistron Digital Technology Holding Company | 15,718,837 | 23.48% |