

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021**

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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.

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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 June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-months and six-months ended June 30, 2022 and 2021, as well as the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 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 June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021 and its consolidated cash flows for the six months ended June 30, 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)
August 4, 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 June 30, 2022 and 2021
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31 and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2022		December 31, 2021		June 30, 2021		Liabilities and Equity		June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 756,889	18	877,245	22	837,100	22	2100	Short-term borrowings (note 6(g))	\$ 130,147	3	107,230	3	-	-
1140	Current contract assets (note 6(m))	13,561	-	12,215	-	21,801	1	2130	Current contract liabilities (notes 6(m) and 7)	16,990	-	14,665	-	20,187	1
1170	Notes and accounts receivable, net (notes 6(b)(m))	2,448,758	58	2,092,900	52	1,816,426	49	2170	Accounts payable	75,832	2	94,687	3	90,876	3
1180	Accounts receivable-related parties, net (notes 6(b)(m) and 7)	51,511	1	38,159	1	40,643	1	2219	Other payables (note 6(n))	948,032	23	1,047,978	26	752,489	20
1200	Other receivables	49	-	2,186	-	71	-	2216	Dividend Payable (note 6(k))	304,773	7	-	-	-	-
1220	Current tax assets	9,582	-	12,811	-	-	-	2220	Other payables-related parties (note 7)	-	-	196	-	456	-
1410	Prepayments	20,201	1	17,205	-	27,640	1	2230	Current tax liabilities	36,440	1	42,935	1	38,101	1
1470	Other current assets (notes 6(f))	15,873	-	20,401	1	22,474	1	2399	Other current liabilities	32,339	1	29,487	1	21,408	1
	Total current assets	<u>3,316,424</u>	<u>78</u>	<u>3,073,122</u>	<u>76</u>	<u>2,766,155</u>	<u>75</u>	2280	Current lease liabilities (note 6(h))	29,075	1	26,453	1	17,202	-
Non-current assets:								2322	Long-term borrowings, current portion (notes 6(c)(g) and 8)	8,669	-	8,274	-	8,058	-
1600	Property, plant and equipment (notes 6(c) and 8)	799,635	19	813,853	20	812,866	22		Total current liabilities	<u>1,582,297</u>	<u>38</u>	<u>1,371,905</u>	<u>35</u>	<u>948,777</u>	<u>26</u>
1755	Right-of-use assets (note 6(d))	48,770	1	57,740	2	38,864	1	Non-Current liabilities:							
1780	Intangible assets (note 6(e) and 7)	35,450	1	38,915	1	31,475	1	2540	Long-term loans (notes 6(c)(g) and 8)	52,206	1	55,543	1	59,356	2
1840	Deferred tax assets	20,462	1	20,189	1	21,953	1	2570	Deferred tax liabilities	86,859	2	87,247	2	99,080	3
1900	Other non-current assets (notes 6(f))	18,909	-	13,648	-	16,366	-	2580	Non-current lease liabilities (note 6(h))	15,724	-	27,417	1	17,861	-
	Total non-current assets	<u>923,226</u>	<u>22</u>	<u>944,345</u>	<u>24</u>	<u>921,524</u>	<u>25</u>	2640	Net defined benefit liability, non-current	15,598	-	15,173	-	16,350	-
								2670	Other non-current liabilities	2,232	-	2,460	-	2,568	-
									Total non-current liabilities	<u>172,619</u>	<u>3</u>	<u>187,840</u>	<u>4</u>	<u>195,215</u>	<u>5</u>
									Total liabilities	<u>1,754,916</u>	<u>41</u>	<u>1,559,745</u>	<u>39</u>	<u>1,143,992</u>	<u>31</u>
								Equity (notes 6(k)):							
								3100	Capital stock	671,523	16	669,211	17	669,211	18
								3200	Capital surplus	791,658	19	770,877	19	770,877	21
								3300	Retained earnings	1,139,222	27	1,198,187	30	1,288,682	35
								3400	Other equity	(80,535)	(2)	(107,053)	(3)	(111,583)	(3)
								3500	Treasury shares	(37,134)	(1)	(73,500)	(2)	(73,500)	(2)
									Total equity	<u>2,484,734</u>	<u>59</u>	<u>2,457,722</u>	<u>61</u>	<u>2,543,687</u>	<u>69</u>
	Total assets	<u>\$ 4,239,650</u>	<u>100</u>	<u>4,017,467</u>	<u>100</u>	<u>3,687,679</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,239,650</u>	<u>100</u>	<u>4,017,467</u>	<u>100</u>	<u>3,687,679</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 and six months ended June 30, 2022 and 2021

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

	For the three-month periods ended June 30				For the six-month periods ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net revenue (notes 6(m) and 7)	\$ 1,950,042	100	1,464,847	100	\$ 3,778,550	100	2,833,811	100
5000	Cost of Sales (notes 6(c)(d)(e)(h)(i)(k) and 12)	(1,532,294)	(79)	(1,107,574)	(76)	(2,968,350)	(79)	(2,153,433)	(76)
	Gross profit	<u>417,748</u>	<u>21</u>	<u>357,273</u>	<u>24</u>	<u>810,200</u>	<u>21</u>	<u>680,378</u>	<u>24</u>
	Operating expenses (notes 6(b)(c)(d)(e)(h)(i)(k)(m)(n), 7 and 12)								
6100	Selling expenses	(50,653)	(3)	(40,436)	(3)	(101,197)	(3)	(78,052)	(3)
6200	Administrative expenses	(202,373)	(10)	(187,476)	(13)	(401,021)	(11)	(357,602)	(12)
6300	Research and development expenses	(8,600)	-	(5,276)	-	(15,706)	-	(9,516)	-
6450	Expected credit (losses) gains	(1,590)	-	3,903	-	(14,659)	-	10,232	-
	Total operating expenses	<u>(263,216)</u>	<u>(13)</u>	<u>(229,285)</u>	<u>(16)</u>	<u>(532,583)</u>	<u>(14)</u>	<u>(434,938)</u>	<u>(15)</u>
	Net operating income	<u>154,532</u>	<u>8</u>	<u>127,988</u>	<u>8</u>	<u>277,617</u>	<u>7</u>	<u>245,440</u>	<u>9</u>
	Non-operating income and expenses (notes 6(h)(o)):								
7100	Interest income	820	-	2,777	-	2,266	-	5,126	-
7010	Other income	5,525	-	1,776	-	7,252	-	10,795	-
7020	Other gains and losses	3,722	-	(1,954)	-	7,412	-	(3,152)	-
7050	Finance costs	(1,976)	-	(1,098)	-	(3,241)	-	(2,289)	-
	Total non-operating income and expenses	<u>8,091</u>	<u>-</u>	<u>1,501</u>	<u>-</u>	<u>13,689</u>	<u>-</u>	<u>10,480</u>	<u>-</u>
	Profit before tax	<u>162,623</u>	<u>8</u>	<u>129,489</u>	<u>8</u>	<u>291,306</u>	<u>7</u>	<u>255,920</u>	<u>9</u>
7950	Income tax expenses (note 6(j))	(26,597)	(1)	(18,608)	(1)	(45,498)	(1)	(37,080)	(1)
	Net profit	<u>136,026</u>	<u>7</u>	<u>110,881</u>	<u>7</u>	<u>245,808</u>	<u>6</u>	<u>218,840</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	(40,606)	(2)	(17,052)	(1)	26,518	1	(30,371)	(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>(40,606)</u>	<u>(2)</u>	<u>(17,052)</u>	<u>(1)</u>	<u>26,518</u>	<u>1</u>	<u>(30,371)</u>	<u>(1)</u>
8300	Other comprehensive income (loss)	<u>(40,606)</u>	<u>(2)</u>	<u>(17,052)</u>	<u>(1)</u>	<u>26,518</u>	<u>1</u>	<u>(30,371)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ 95,420</u>	<u>5</u>	<u>93,829</u>	<u>6</u>	<u>\$ 272,326</u>	<u>7</u>	<u>188,469</u>	<u>7</u>
	Earnings per share (in dollars) (note 6(m))								
9750	Basic earnings per share	<u>\$ 2.04</u>		<u>1.68</u>		<u>3.70</u>		<u>3.32</u>	
9850	Diluted earnings per share	<u>\$ 2.03</u>		<u>1.67</u>		<u>3.67</u>		<u>3.30</u>	

See accompanying notes to financial statements.

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 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 six months ended June 30, 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

	Capital stock		Equity attributable to owners of parent					Other equity			
	Common stock	Stock dividend	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2021	\$ 667,083	-	667,083	753,005	131,840	125,097	812,905	1,069,842	(81,212)	(73,500)	2,335,218
Net profit	-	-	-	-	-	-	218,840	218,840	-	-	218,840
Other comprehensive loss	-	-	-	-	-	-	-	-	(30,371)	-	(30,371)
Total comprehensive income	-	-	-	-	-	-	218,840	218,840	(30,371)	-	188,469
New share issues through employee's profit sharing bonus	2,128	-	2,128	17,872	-	-	-	-	-	-	20,000
Balance at June 30, 2021	\$ 669,211	-	669,211	770,877	131,840	125,097	1,031,745	1,288,682	(111,583)	(73,500)	2,543,687
Balance at January 1, 2022	\$ 669,211	-	669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	(73,500)	2,457,722
Net profit	-	-	-	-	-	-	245,808	245,808	-	-	245,808
Other comprehensive income	-	-	-	-	-	-	-	-	26,518	-	26,518
Total comprehensive income	-	-	-	-	-	-	245,808	245,808	26,518	-	272,326
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	45,710	-	(45,710)	-	-	-	-
Special reserve	-	-	-	-	-	25,841	(25,841)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(304,773)	(304,773)	-	-	(304,773)
Compensation cost of treasury shares transferred to employees	-	-	-	3,487	-	-	-	-	-	-	3,487
Treasury shares transferred to employees	-	-	-	(394)	-	-	-	-	-	36,366	35,972
New share issues through employee's profit sharing bonus	-	2,312	2,312	17,688	-	-	-	-	-	-	20,000
Balance at June 30, 2022	\$ 669,211	2,312	671,523	791,658	222,379	107,053	809,790	1,139,222	(80,535)	(37,134)	2,484,734

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 six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six-month periods ended June 30	
	2022	2021
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 291,306	255,920
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	41,902	38,960
Amortization expense	6,407	3,950
Expected credit losses (gains)	14,659	(10,232)
Interest expense	3,241	2,289
Interest income	(2,266)	(5,126)
Cost of share-based payment awards	3,487	-
Loss on disposal of property, plant and equipment	735	841
Gain on disposal of investment	(2,959)	-
Loss on lease modification	-	244
Total adjustments to reconcile profit	65,206	30,926
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in current contract assets	(1,241)	9,427
Increase in notes and accounts receivable, net	(340,389)	(381,298)
Increase in accounts receivable — related parties	(13,350)	(23,757)
Decrease in other receivables	2,177	18
Increase in prepayments	(2,785)	(12,261)
Decrease (increase) in other current assets	77	(2,280)
Total changes in operating assets	(355,511)	(410,151)
Changes in operating liabilities:		
Increase in contract liabilities	2,840	528
Decrease in accounts payable	(17,082)	(13,657)
Decrease in other payables	(91,443)	(69,955)
(Decrease) increase in other payables — related parties	(196)	16
Increase (decrease) in other current liabilities	2,999	(2,869)
Increase in net defined benefit liability	425	285
Total changes in operating liabilities	(102,457)	(85,652)
Net changes in operating assets and liabilities	(457,968)	(495,803)
Total changes in operating assets and liabilities	(392,762)	(464,877)
Cash used in operations	(101,456)	(208,957)
Interest received	2,266	5,108
Interest paid	(3,163)	(2,282)
Income taxes paid	(48,623)	(60,209)
Net cash flows used in operating activities	(150,976)	(266,340)
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(8,266)	(30,664)
Proceeds from disposal of property, plant and equipment	216	218
(Decrease) increase in refundable deposits	409	(3,582)
Acquisition of intangible assets	(4,327)	(4,327)
Increase in other non-current assets	(1,028)	(2,680)
Net cash flows used in investing activities	(12,996)	(41,035)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	690,796	3,259
Repayments of short-term loans	(668,537)	(3,259)
Repayments of long-term loans	(4,202)	(3,941)
Repayments of the principal portion of lease liabilities	(14,829)	(12,411)
Treasury shares transferred to employees	35,972	-
Net cash flows generated from (used in) financing activities	39,200	(16,352)
Effect of exchange rate changes on cash and cash equivalents	4,416	(14,475)
Net Decrease in cash and cash equivalents	(120,356)	(338,202)
Cash and cash equivalents at beginning of period	877,245	1,175,302
Cash and cash equivalents at end of period	\$ 756,889	837,100

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

June 30, 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 six months ended June 30, 2022 and 2021 were authorized for issue by the Board of Directors on August 4, 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 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, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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

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”
- Amendment to IFRS 17 ” Initial application of IFRS 17 and IFRS 9 – comparative information”

(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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the 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	
				2022.06.30	2021.12.31	2021.06.30		
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)	"	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)	"	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.

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

(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.

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(6) Explanation of significant accounts

Except for the following disclosures, there were no significant differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2020 consolidated financial statements. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 390	403	402
Demand and checking deposits	734,329	876,842	750,088
Time deposits	<u>22,170</u>	<u>-</u>	<u>86,610</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 756,889</u>	<u>877,245</u>	<u>837,100</u>

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)

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 66,188	55,723	60,842
Accounts receivable	2,424,864	2,064,319	1,775,025
Accounts receivable-related parties	51,511	38,159	40,643
Less: Loss allowance	<u>(42,294)</u>	<u>(27,142)</u>	<u>(19,441)</u>
	<u>\$ 2,500,269</u>	<u>2,131,059</u>	<u>1,857,069</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:

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	June 30, 2022		
	Gross carrying amount	Weighted-aver age expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 1,873,119	0~3.851%	5,937
Overdue within 30 days	316,196	0~10.042%	4,559
Overdue 31~120 days	293,741	0~27.622%	17,490
Overdue 121~180 days	25,903	0~42.544%	894
Overdue 181~365 days	20,582	0~100%	392
Overdue more than 365 days	<u>13,022</u>	100%	<u>13,022</u>
	<u>\$ 2,542,563</u>		<u>42,294</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>
	June 30, 2021		
	Gross carrying amount	Weighted-aver age expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 1,307,903	0~100%	2,896
Overdue within 30 days	182,895	0~0.44%	421
Overdue 31~120 days	351,524	0~100%	7,877
Overdue 121~180 days	25,776	0~100%	3,228
Overdue 181~365 days	<u>8,412</u>	0~100%	<u>5,019</u>
	<u>\$ 1,876,510</u>		<u>19,441</u>

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

	For the six-month periods ended June 30	
	2022	2021
Balance as of January 1	\$ 27,142	30,093
Impairment losses (reversed) recognized	14,622	(9,949)
Effect of changes in foreign exchange rate	530	(703)
Balance as of June 30	\$ 42,294	19,441

As of June 30, 2022, December 31 and June 30, 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	-	-	7,919	-	347	-	-	-	8,266
Reclassification (Note)	-	-	-	-	795	-	-	(795)	-
Disposals	-	-	(2,307)	-	(582)	(1,082)	-	-	(3,971)
Effect of changes in foreign exchange rates	-	4,946	1,057	77	578	361	-	16	7,035
Balance as of June 30, 2022	\$ 190,856	575,744	127,245	4,024	50,297	38,495	-	-	986,661
Balance as of January 1, 2021 \$	185,913	561,994	97,797	-	48,463	39,308	504	856	934,835
Additions	4,943	10,004	7,144	3,951	224	918	-	3,480	30,664
Reclassification (Note)	-	-	-	-	-	-	-	1,835	1,835
Disposals	-	-	(2,459)	-	(667)	(3,955)	(504)	-	(7,585)
Effect of changes in foreign exchange rates	-	(2,724)	(972)	(28)	(634)	(1,065)	-	(48)	(5,471)
Balance as of June 30, 2021	\$ 190,856	569,274	101,510	3,923	47,386	35,206	-	6,123	954,278
Accumulated depreciation :									
Balance as of January 1, 2022 \$	-	43,573	73,817	592	21,332	22,164	-	-	161,478
Depreciation	-	9,255	11,108	402	4,243	2,131	-	-	27,139
Disposals	-	-	(2,142)	-	(328)	(550)	-	-	(3,020)
Effect of changes in foreign exchange rates	-	397	562	12	179	279	-	-	1,429
Balance as of June 30, 2022	\$ -	53,225	83,345	1,006	25,426	24,024	-	-	187,026
Balance as of January 1, 2021 \$	-	25,367	58,877	-	13,998	25,588	504	-	124,334
Depreciation	-	9,097	9,333	198	4,202	2,422	-	-	25,252
Disposals	-	-	(2,318)	-	(251)	(3,453)	(504)	-	(6,526)
Effect of changes in foreign exchange rates	-	(159)	(585)	(2)	(252)	(650)	-	-	(1,648)
Balance as of June 30, 2021	\$ -	34,305	65,307	196	17,697	23,907	-	-	141,412
Carrying value :									
Balance as of January 1, 2022	\$ 190,856	536,627	46,759	3,335	27,827	17,052	-	779	813,853
Balance as of June 30, 2022	\$ 190,856	534,969	43,900	3,018	24,871	14,471	-	-	799,635
Balance as of January 1, 2021	\$ 185,913	536,627	38,920	-	34,465	13,720	-	856	810,501
Balance as of June 30, 2021	\$ 190,856	534,969	36,203	3,727	29,689	11,299	-	6,123	812,866

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

As of June 30, 2022, December 31 and June 30, 2021, the property, plant and equipment were pledged, please refer to Note 8.

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(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	5,545	-	5,545
Disposals	(8,194)	-	(8,194)
Effect of changes in foreign exchange rates	351	-	351
Balance as of June 30, 2022	<u>\$ 86,316</u>	<u>1,323</u>	<u>87,639</u>
Balance as of January 1, 2021	\$ 85,268	1,603	86,871
Disposals	(13,395)	-	(13,395)
Effect of changes in foreign exchange rates	(2,178)	(3)	(2,181)
Balance as of June 30, 2021	<u>\$ 69,695</u>	<u>1,600</u>	<u>71,295</u>
Accumulated depreciation:			
Balance as of January 1, 2022	\$ 31,168	1,029	32,197
Depreciation	14,542	221	14,763
Disposals	(8,118)	-	(8,118)
Effect of changes in foreign exchange rates	27	-	27
Balance as of June 30, 2022	<u>\$ 37,619</u>	<u>1,250</u>	<u>38,869</u>
Balance as of January 1, 2021	\$ 31,790	781	32,571
Depreciation	13,430	278	13,708
Disposals	(12,564)	-	(12,564)
Effect of changes in foreign exchange rates	(1,282)	(2)	(1,284)
Balance as of June 30, 2021	<u>\$ 31,374</u>	<u>1,057</u>	<u>32,431</u>
Carrying amount:			
Balance as of January 1, 2022	<u>\$ 57,446</u>	<u>294</u>	<u>57,740</u>
Balance as of June 30, 2022	<u>\$ 48,697</u>	<u>73</u>	<u>48,770</u>
Balance as of January 1, 2021	<u>\$ 53,478</u>	<u>822</u>	<u>54,300</u>
Balance as of June 30, 2021	<u>\$ 38,321</u>	<u>543</u>	<u>38,864</u>

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(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	4,327	-	4,327
Disposals	(18,943)	-	(18,943)
Effect of changes in foreign exchange rates	314	(1,563)	(1,249)
Balance as of June 30, 2022	<u>\$ 58,085</u>	<u>15,326</u>	<u>73,411</u>
Balance as of January 1, 2021	\$ 55,909	19,349	75,258
Additions	4,327	-	4,327
Effect of changes in foreign exchange rates	(327)	(1,661)	(1,988)
Balance as of June 30, 2021	<u>\$ 59,909</u>	<u>17,688</u>	<u>77,597</u>
Accumulated amortization:			
Balance as of January 1, 2022	\$ 50,361	-	50,361
Amortization	6,407	-	6,407
Disposals	(18,943)	-	(18,943)
Effect of changes in foreign exchange rates	136	-	136
Balance as of June 30, 2022	<u>\$ 37,961</u>	<u>-</u>	<u>37,961</u>
Balance as of January 1, 2021	\$ 42,388	-	42,388
Amortization	3,950	-	3,950
Effect of changes in foreign exchange rates	(216)	-	(216)
Balance as of June 30, 2021	<u>\$ 46,122</u>	<u>-</u>	<u>46,122</u>
Carrying value:			
Balance as of January 1, 2022	<u>\$ 22,026</u>	<u>16,889</u>	<u>38,915</u>
Balance as of June 30, 2022	<u>\$ 20,124</u>	<u>15,326</u>	<u>35,450</u>
Balance as of January 1, 2021	<u>\$ 13,521</u>	<u>19,349</u>	<u>32,870</u>
Balance as of June 30, 2021	<u>\$ 13,787</u>	<u>17,688</u>	<u>31,475</u>

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

(i) Other current assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Refundable deposits	\$ 14,303	18,783	\$ 19,325
Temporary payment	1,570	1,618	3,149
	<u>\$ 15,873</u>	<u>20,401</u>	<u>\$ 22,474</u>

(ii) Other non-current assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Refundable deposits	\$ 17,776	13,544	11,673
Prepayment for equipment	1,133	104	4,693
	<u>\$ 18,909</u>	<u>13,648</u>	<u>16,366</u>

(iii) As of June 30, 2022, December 31, and June 30, 2021, the other current assets and other non-current assets were not pledged.

(g) Loans

(i) Short-term loans

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Unsecured bank loans	<u>\$ 130,147</u>	<u>107,230</u>	<u>-</u>
Unused bank credit lines	<u>\$ 1,812,705</u>	<u>1,994,485</u>	<u>1,981,903</u>
Range of interest rates	<u>2.71%~3.15%</u>	<u>0.51%~0.7%</u>	<u>-</u>

(ii) Long-term loans

	<u>June 30, 2022</u>		
	<u>CNY (thousand)</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	\$ 13,729	2022.7~2028.10	60,875
Less: current portion	(1,955)		(8,669)
	<u>\$ 11,774</u>		<u>52,206</u>
Unused bank credit lines	<u>\$ -</u>		<u>-</u>
Range of interest rates			<u>3.90%</u>

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	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%

	June 30, 2021		
	CNY (thousand)	Expiration	Amount
Secured bank loans	\$ 15,598	2021.7~2028.10	67,414
Less: current portion	(1,864)		(8,058)
	\$ 13,734		59,356
Unused bank credit lines	\$ -		-
Range of interest rates			4.00%

As of June 30, 2022, the details of the future repayment period of the long-term loans were as follows:

Period	Amount
Within one year	\$ 8,669
Between one and five years	38,303
Over five years	13,903
	\$ 60,875

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

(h) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ 29,075	26,453	17,202
Non-current	\$ 15,724	27,417	17,861

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

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The amount recognized in profit or loss were as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Interest expenses on lease liabilities	\$ 456	394	956	860
Expenses relating to short-term leases	\$ 2,453	3,218	5,221	5,786
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	\$ 3,254	2,437	6,155	5,590

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

	For the six-month periods ended June 30	
	2022	2020
Total cash outflow for leases	\$ 27,161	24,647

(i) Leases of buildings and structures

As of June 30, 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.

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

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Operating cost	\$ 276	57	335	113
Selling expenses	46	10	55	20
Administration expenses	5	188	264	377
	\$ 327	255	654	510

(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 June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Operating cost	\$ 74,894	50,911	147,868	99,021
Selling expenses	2,997	2,046	5,931	4,060
Administration expenses	6,298	5,022	13,007	9,683
Research and development expenses	425	274	770	497
	\$ 84,614	58,253	167,576	113,261

(j) Income tax

(i) Income tax expense

The components of income tax expense were as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Current tax expense	\$ 26,597	18,608	45,498	37,080

(ii) There is no income tax recognized directly in equity or other comprehensive income for the three-month periods and six-month periods ended June 30, 2022 and 2021.

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

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(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 June 30, 2022 and 2021. For the related information, please refer to note 6 (1) of the consolidated financial statements for the year ended December 31, 2021.

(i) Common stock

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 resolved to be August 9, 2022, by the Board of Directors.

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 shareholders' meetings held on May 26, 2022 and July 23, 2021, respectively. The appropriations and dividends were as follows:

	2021	2020
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.

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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 six-month period ended June 30, 2022. As of June 30, 2022, December 31, 2021, and June 30, 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 June 30, 2022, December 31, 2021, and June 30, 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.

- (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	26,518
Balance as of June 30, 2022	\$ (80,535)
Balance as of January 1, 2021	\$ (81,212)
Foreign currency translation differences	(30,371)
Balance as of June 30, 2021	\$ (111,583)

- (l) Earnings per share (“EPS”)

- (i) Basic earnings per share

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Net profit belonging to common shareholders	\$ 136,026	110,881	245,808	218,840
Weighted average common stock outstanding (in thousands shares)	66,668	65,963	66,407	65,882
Basic earnings per share	\$ 2.04	1.68	3.70	3.32

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(ii) Diluted earnings per share

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Net profit belonging to common shareholders	<u>\$ 136,026</u>	<u>110,881</u>	<u>245,808</u>	<u>218,840</u>
Weighted average common stock outstanding (in thousands shares)	66,668	65,963	66,407	65,882
Effect of potentially dilutive common stock (in thousands shares)				
Employees' profit sharing bonus	415	279	596	426
Employees' profit sharing bonus of subsidiary company	<u>-</u>	<u>-</u>	<u>64</u>	<u>81</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>67,083</u>	<u>66,242</u>	<u>67,067</u>	<u>66,389</u>
Diluted earnings per share (in dollars)	<u>\$ 2.03</u>	<u>1.67</u>	<u>\$ 3.67</u>	<u>3.30</u>

(m) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Primary geographical markets:				
China	\$ 1,311,747	897,997	2,541,676	1,690,834
Taiwan	330,380	237,362	632,768	467,420
Japan	170,609	178,998	342,404	372,929
Other	<u>137,306</u>	<u>150,490</u>	<u>261,702</u>	<u>302,628</u>
	<u>\$ 1,950,042</u>	<u>1,464,847</u>	<u>3,778,550</u>	<u>2,833,811</u>
Major products:				
IT service revenue	<u>\$ 1,950,042</u>	<u>1,464,847</u>	<u>3,778,550</u>	<u>2,833,811</u>

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(ii) Balance of contracts

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes and accounts receivable (including related parties)	\$ 2,542,563	2,158,201	1,876,510
Less: loss allowance	<u>(42,294)</u>	<u>(27,142)</u>	<u>(19,441)</u>
Total	<u>\$ 2,500,269</u>	<u>2,131,059</u>	<u>1,857,069</u>
Contract assets	\$ 13,980	12,592	22,475
Less: loss allowance	<u>(419)</u>	<u>(377)</u>	<u>(674)</u>
Total	<u>\$ 13,561</u>	<u>12,215</u>	<u>21,801</u>

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

	<u>For the six-month periods ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Balance as of January 1	\$ 377	963
Impairment losses (reversed) recognized	37	(283)
Effect of changes in foreign exchange rate	<u>5</u>	<u>(6)</u>
Balance as of June 30	<u>\$ 419</u>	<u>674</u>

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Contract liabilities	<u>\$ 16,990</u>	<u>14,665</u>	<u>20,187</u>

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

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 six months ended June 30, 2022 and 2021 that was included in the contract liabilities balance at the beginning of the year was \$9,783 and \$11,000, 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.

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- (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 June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Employee's profit sharing bonus	\$ 17,360	13,550	31,280	26,740
Directors' profit sharing bonus	3,470	2,710	6,250	5,340
	<u>\$ 20,830</u>	<u>16,260</u>	<u>37,530</u>	<u>32,080</u>

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 2020. 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.

- (o) Non-operating income and expenses

- (i) Interest income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Interest income	\$ 820	2,777	2,266	5,126

- (ii) Other income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Government grants	\$ 5,525	1,776	7,252	10,795

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(iii) Other gains and losses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Foreign exchange gains (losses), net	\$ 2,485	(1,513)	3,230	(2,973)
Losses on disposals of property, plant and equipment, net	-	(551)	(735)	(841)
Gains on disposal of investment	-	-	2,959	-
Losses on lease modification	-	-	-	(244)
Others	<u>1,237</u>	<u>110</u>	<u>1,958</u>	<u>906</u>
	<u>\$ 3,722</u>	<u>(1,954)</u>	<u>7,412</u>	<u>(3,152)</u>

(iv) Finance costs

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Interest expense	<u>\$ (1,976)</u>	<u>(1,098)</u>	<u>(3,241)</u>	<u>(2,289)</u>

(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 6(q) of the consolidated financial statements for the year ended December 31, 2021.

(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) of the consolidated financial statements for the year ended December 31, 2021.

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(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
As of June 30, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 130,147	130,171	130,171	-	-
Accounts payable	75,832	75,832	75,832	-	-
Other payables (including dividend payable)	1,252,805	1,252,805	1,252,805	-	-
Lease liabilities (current and non-current)	44,799	46,385	30,232	13,737	2,416
Long-term loans (including current portion)	60,875	68,858	10,916	10,915	47,027
	<u>\$ 1,564,458</u>	<u>1,574,051</u>	<u>1,499,956</u>	<u>24,652</u>	<u>49,443</u>
As of December 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 107,230	107,345	107,345	-	-
Accounts payable	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 June 30, 2021					
Non-derivative financial liabilities					
Accounts payable	\$ 90,876	90,876	90,876	-	-
Other payables (including related parties)	752,945	752,945	752,945	-	-
Lease liabilities (current and non-current)	35,063	36,857	18,291	14,440	4,126
Long-term loans (including current portion)	67,414	78,020	10,640	10,639	56,741
	<u>\$ 946,298</u>	<u>958,698</u>	<u>872,752</u>	<u>25,079</u>	<u>60,867</u>

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

(iii) Currency risk

1) Exposure to currency risk

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

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	June 30, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 606	USD/TWD	29.726	18,007	142	USD/TWD 27.690 3,922
CNY	287	CNY/HKD	1.1703	1,272	3,902	CNY/HKD 1.2246 16,966
JPY	37,070	JPY/HKD	0.0577	8,107	65,608	JPY/HKD 0.0679 15,811
JPY	8,160	JPY/CNY	0.0493	1,784	7,015	JPY/CNY 0.0554 1,690
USD	2,681	USD /HKD	7.8458	79,694	2,522	USD /HKD 7.7985 69,834
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD	942	USD/HKD	7.8458	27,993	305	USD /HKD 7.7985 8,488
CNY	1,243	CNY/HKD	1.1703	5,511	8,602	CNY/HKD 1.2246 37,402
JPY					31,205	JPY/HKD 0.0679 7,520

	June 30, 2021		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 811	USD/TWD	27.870 22,604
CNY	439	CNY/HKD	1.2042 1,898
JPY	65,368	JPY/HKD	0.0703 16,500
JPY	7,269	JPY/CNY	0.0584 1,835
USD	3,354	USD /HKD	7.7654 93,482
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	706	USD/HKD	7.7654 19,666
CNY	4,390	CNY/HKD	1.2042 18,974
JPY	17,889	JPY/HKD	0.0703 4,515

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 and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the NTD against the USD, CNY and JPY for the six-month period ended June 30, 2022 and 2021 would have increased (decreased) the net profit after tax by \$3,725 and \$4,592, respectively. The analysis assumes that all other variables remain constant.

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 periods and six-month periods ended June 30, 2022 and 2021, foreign exchange gain (loss), including realized and unrealized portions, amounted to \$2,485 、\$(1,513) 、\$3,230 and \$(2,973), respectively.

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(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 \$379 and \$337 for the six-month period ended June 30, 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 6(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 6(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 six-month period ended June 30, 2022 and 2021, were as follows:

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	January 1, 2022	Cash flows		Non-cash changes		June 30, 2022
		Proceeds from loans	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	
Short-term loans	\$ 107,230	690,796	(668,537)	-	658	130,147
Long-term loans (including current portion)	63,817	-	(4,202)	-	1,260	60,875
Lease liabilities (current and non-current)	53,870	-	(14,829)	5,469	289	44,799
	<u>\$ 224,917</u>	<u>690,796</u>	<u>(687,568)</u>	<u>5,469</u>	<u>2,207</u>	<u>235,821</u>

	January 1, 2021	Cash flows		Non-cash changes		June 30, 2021
		Proceeds from loans	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	
Short-term loans	\$ -	3,259	(3,259)	-	-	-
Long-term loans (including current portion)	72,107	-	(3,941)	-	(752)	67,414
Long-term loans (including current portion)	48,871	-	(12,411)	(587)	(810)	35,603
	<u>\$ 120,978</u>	<u>3,259</u>	<u>(19,611)</u>	<u>(587)</u>	<u>(1,562)</u>	<u>102,477</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.

Name of related party	Relationship with the Group
Wistron Corporation (Wistron)	The entity with significant influence over the Group
Wiwynn Corporation (Wiwynn)	Other related parties
Winynn Technology Service Kun Shan, Ltd. (WYKS)	Other related parties
WiAdance Technology Corporation (AGI)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Weidu Corporation (WETW)	Other related parties
Changing Information Technology Inc. (CGI)	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:

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	Revenue				Accounts receivable -related parties		
	For the three-month periods ended June 30		For the six-month periods ended June 30		June 30, 2022	December 31, 2021	June 30, 2021
	2022	2021	2022	2021			
Entities with significant influence over the Group	\$ 70,886	38,687	131,297	70,731	49,602	36,393	39,765
Other related parties	2,684	1,131	5,550	2,576	1,909	1,766	878
Total	<u>\$ 73,570</u>	<u>39,818</u>	<u>136,847</u>	<u>73,307</u>	<u>51,511</u>	<u>38,159</u>	<u>40,643</u>

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 June 30, 2022, December 31 and June 30, 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 six-month period ended June 30, 2022 and 2021, other related parties provided management services to the Group amounted to \$50 and \$0. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of other accounts payable from the above transaction was \$0, \$196 and \$0.

For the six-month period ended June 30, 2022 and 2021, the Group purchased intangible assets from other related parties amounting to \$0 and \$533. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of other accounts payable from the above transaction was \$0, \$0 and \$456.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable – related parties:			
Accounts receivable	<u>\$ 51,511</u>	<u>38,159</u>	<u>40,643</u>
Accounts payable – related parties:			
Other payables	<u>\$ -</u>	<u>196</u>	<u>456</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 18,061	17,499	34,915	35,748
Post-employment benefits	320	353	639	668
	<u>\$ 18,381</u>	<u>17,852</u>	<u>35,554</u>	<u>36,416</u>

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(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	Long-term loans (including current portions)	<u>\$ 231,050</u>	<u>230,767</u>	<u>233,524</u>

(9) Significant commitments and contingencies: None

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

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

By item	By function	For the three-month periods ended, 2022			For the three-month periods ended, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total	
Employee benefits							
Salaries	1,196,445	180,016	1,376,461	826,475	156,133	982,608	
Labor and health insurance	63,063	8,682	71,745	47,288	2,372	49,660	
Pension	75,170	9,771	84,941	50,968	7,540	58,508	
Others	18,074	2,906	20,980	12,957	4,836	17,793	
Depreciation	2,620	18,482	21,102	2,662	16,430	19,092	
Amortization	37	3,349	3,386	268	1,812	2,080	
By item	By function	For the six-month periods ended, 2022			For the six-month periods ended, 2021		
Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total		
Employee benefits							
Salaries	2,329,478	354,768	2,684,246	1,594,270	291,267	1,885,537	
Labor and health insurance	124,407	19,396	143,803	91,762	14,630	106,392	
Pension	148,203	20,027	168,230	99,134	14,637	113,771	
Others	20,807	7,009	27,816	23,825	10,024	33,849	
Depreciation	5,341	36,561	41,902	5,373	33,587	38,960	
Amortization	83	6,324	6,407	538	3,412	3,950	

(b) Seasonality of operations

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

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(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 six-month period ended June 30, 2022:

- (i) Loans to other parties: None.
 - (ii) Guarantees and endorsements for other parties: Please refer to Table 1.
 - (iii) Securities held as of June 30, 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.
 - (ix) Trading in derivative instruments: None.
 - (x) Business relationships and significant intercompany transactions: Please refer to 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

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Guarantees and endorsements for other parties

June 30, 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	1,242,367	59,452	59,452	-	-	2.39%	2,484,734	Y	N	N	-
0	The Company	WIHK	2	1,242,367	118,904	118,904	14,863	-	4.79%	2,484,734	Y	N	N	-
0	The Company	WIBJ	2	1,242,367	90,240	88,680	-	-	3.57%	2,484,734	Y	N	Y	-
0	The Company	WIWZ	2	1,242,367	691,896	688,266	-	-	27.70%	2,484,734	Y	N	Y	-
0	The Company	WISS	2	1,242,367	145,000	145,000	32,774	-	5.84%	2,484,734	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.

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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

June 30, 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	(282,033)	(10.53)%	Not significant different from the third-parties sales. (generally Transaction)	Not significant different from the third-parties sales. (generally Transaction)	Not significant different from the third-parties sales. (generally Transaction)	74,423	4.38%	(Note)
WIWZ	WIHK	Associate	Sales	(125,819)	(4.70)%	"	"	"	5,511	0.32%	"
WIHK	WIWZ	Associate	Purchases	125,819	68.76%	"	"	"	(5,511)	(36.07)%	"
WIBJ	WIWZ	Parent - subsidiary company	Purchases	282,033	100.00%	"	"	"	(74,423)	100.00%	"

(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

June 30, 2022

Table 3

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)
0	The Company	WIHK	1	Service Revenue	53,570	Not significant different from the third parties sales.(generally transaction)	1.42%
1	WIJP	WIHK	3	"	80	"	-
2	WIHK	WIJP	3	"	41,100	"	1.09%
2	WIHK	WIUS	3	"	59,881	"	1.58%
3	WIBJ	WIWZ	3	"	36,671	"	0.97%
4	WIYC	WIWZ	3	"	2,404	"	0.06%
5	WIWZ	WIBJ	3	"	282,033	"	7.46%
5	WIWZ	WIHK	3	"	125,819	"	3.33%
5	WIWZ	WIYC	3	"	1,211	"	0.03%
0	The Company	WIHK	1	Accounts receivables-related parties	8,640	"	0.20%
1	WIJP	WIHK	3	"	75	"	-
2	WIHK	WIJP	3	"	6,576	"	0.16%
2	WIHK	WIUS	3	"	31,352	"	0.74%
3	WIBJ	WIWZ	3	"	16,816	"	0.40%
4	WIYC	WIWZ	3	"	484	"	0.01%

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

June 30, 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	WIBJ	3	Accounts receivables-related parties	74,423	Not significant different from the third parties sales.(generally transaction)	1.76%
5	WIWZ	WIHK	3	"	5,511	"	0.13%

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)

June 30, 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%	2,007,272	123,347	123,347	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and IT consulting service	29,564	29,564	1,960	100.00%	124,104	10,364	10,364	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and IT consulting service	44	44	10,000	100.00%	56,656	7,916	7,916	"
The Company	WIUS	U.S.A	Research, develop, design of software, and IT consulting service	7,586	7,586	250,000	100.00%	32,089	4,865	4,865	"
The Company	WISS	Taiwan	Research, develop, design of software, and IT consulting service	5,000	5,000	500,000	100.00%	6,705	1,723	1,723	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	49,008,308	100.00%	2,007,006	120,313	120,313	"

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

June 30, 2022

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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Share of Profits/Losses (Notes 2 · 10)	Carrying Amount as of June 30, 2022 (Note 2 · 10)	Accumulated Inward Remittance of Earnings as of June 30, 2022	Notes
					Outflow	Inflow							
QT	Research, develop, design of software, and IT consulting service	4,445	(Note 1)1.	2,304	-	-	2,304	-	-	-	-	-	(Note 8)
WIBJ	Research, develop, design of software, and IT consulting service	887,355	(Note 1)1.	169,420	-	-	169,420	120,313 (Note 3)	100.00%	120,313 (Note 3)	2,004,260	-	(Note 9)
WIWZ	Research, develop, design of software, and IT consulting service	667,314	(Note 1)2.	-	-	-	-	122,480 (Note 3)	100.00%	122,480 (Note 3)	1,596,772	-	-
WIYC	Research, develop, design of software, and IT consulting service	24,449	(Note 1)2.	-	-	-	-	122 (Note 3)	100.00%	122 (Note 3)	18,143	-	-
WIHZ	Research, develop, design of software, and IT consulting service	218	(Note 1)2.	-	-	-	-	- (Note 3)	100.00%	- (Note 3)	222	-	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2022 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6) (Note 7) (Note 8)	Upper Limit on Investment (Note 5)
211,987 (USD 7,131,356)	950,678 (USD 31,981,356)	1,490,840

(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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investment in Mainland China

June 30, 2022

(Note 2) : The amount of the net income (losses) and the investee company carrying value as of June 30, 2022 were recognized by the investment through subsidiaries established in a third region or Mainland China.

(Note 3) : The financial statements of the investee company were reviewed by the company's auditor.

(Note 4) : Translated using the ending rate on June 30, 2022, which was USD : NTD = 1 : 29.726 .

(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 six-month period ended June 30, 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****June 30, 2022**

Table 7

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