

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2023 and 2022**

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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' review 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	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10~11
(6) Explanation of significant accounts	11~26
(7) Related-party transactions	27~28
(8) Pledged assets	28
(9) Significant commitments and contingencies	28
(10) Losses due to major disasters	28
(11) Subsequent events	28
(12) Other	28~29
(13) Other disclosures	
(a) Information on significant transactions	30~34
(b) Information on investees	35
(c) Information on investment in mainland China	36~37
(d) Information on major shareholders	38
(14) Segment information	29

## 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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 Strands on Review Engagements 2410, “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, 2023 and 2022, and of its consolidated financial performance for the three months ended March 31, 2023 and 2022 and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 9, 2023

### 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, 2023 and 2022  
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2023, December 31 and March 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 823,624	19	1,184,815	26	584,021	15	2100	Short-term borrowings (note 6(g))	\$ 150,000	3	158,075	4	27,078	1
1140	Current contract assets (note 6(m))	6,513	-	7,450	-	11,359	-	2130	Current contract liabilities (notes 6(m))	22,759	1	15,852	-	14,964	-
1170	Notes and accounts receivable, net (notes 6(b)(m))	2,550,460	58	2,369,028	52	2,334,412	59	2170	Accounts payable	68,139	2	77,865	2	81,350	2
1180	Accounts receivable-related parties, net (notes 6(b)(m) and 7)	51,508	1	55,725	1	41,162	1	2219	Other payables (note 6(n))	960,400	22	1,221,262	27	854,106	21
1200	Other receivables	249	-	602	-	1,052	-	2220	Other payables-related parties (note 7)	34	-	21	-	53	-
1220	Current tax assets	5,647	-	1,703	-	12,600	-	2230	Current tax liabilities	61,574	1	55,469	1	57,600	2
1410	Prepayments	29,279	1	19,933	1	26,374	1	2399	Other current liabilities	42,179	1	48,962	1	23,244	1
1470	Other current assets (notes 6(f))	21,751	1	17,418	-	15,065	-	2280	Current lease liabilities (note 6(h))	19,297	1	23,867	1	29,916	1
	<b>Total current assets</b>	<b>3,489,031</b>	<b>80</b>	<b>3,656,674</b>	<b>80</b>	<b>3,026,045</b>	<b>76</b>	2322	Long-term borrowings, current portion (notes 6(c)(g) and 8)	-	-	8,814	-	8,734	-
									<b>Total current liabilities</b>	<b>1,324,382</b>	<b>31</b>	<b>1,610,187</b>	<b>36</b>	<b>1,097,045</b>	<b>28</b>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>							
1600	Property, plant and equipment (notes 6(c) and 8)	774,111	17	782,090	17	813,198	20	2540	Long-term loans (notes 6(c)(g) and 8)	-	-	47,594	1	55,358	1
1755	Right-of-use assets (note 6(d))	30,379	1	37,155	1	57,639	2	2570	Deferred tax liabilities	81,311	2	81,325	2	87,789	2
1780	Intangible assets (note 6(e))	30,235	1	32,774	1	38,807	1	2580	Non-current lease liabilities (note 6(h))	6,519	-	9,128	-	23,512	1
1840	Deferred tax assets	35,091	1	34,625	1	22,043	1	2640	Net defined benefit liability, non-current	13,237	-	12,789	-	15,387	-
1900	Other non-current assets (notes 6(f) and 8)	14,022	-	18,440	-	17,854	-		Other non-current liabilities	2,344	-	2,355	-	2,408	-
	<b>Total non-current assets</b>	<b>883,838</b>	<b>20</b>	<b>905,084</b>	<b>20</b>	<b>949,541</b>	<b>24</b>		<b>Total non-current liabilities</b>	<b>103,411</b>	<b>2</b>	<b>153,191</b>	<b>3</b>	<b>184,454</b>	<b>4</b>
									<b>Total liabilities</b>	<b>1,427,793</b>	<b>33</b>	<b>1,763,378</b>	<b>39</b>	<b>1,281,499</b>	<b>32</b>
									<b>Equity (notes 6(k)):</b>						
								3100	Capital stock	673,277	15	671,523	15	671,523	17
								3200	Capital surplus	809,904	19	791,658	17	791,658	20
								3300	Retained earnings	1,572,574	36	1,449,437	32	1,307,969	33
								3400	Other equity	(73,545)	(2)	(77,104)	(2)	(39,929)	(1)
								3500	Treasury shares	(37,134)	(1)	(37,134)	(1)	(37,134)	(1)
									<b>Total equity</b>	<b>2,945,076</b>	<b>67</b>	<b>2,798,380</b>	<b>61</b>	<b>2,694,087</b>	<b>68</b>
									<b>Total liabilities and equity</b>	<b>\$ 4,372,869</b>	<b>100</b>	<b>\$ 4,561,758</b>	<b>100</b>	<b>\$ 3,975,586</b>	<b>100</b>
	<b>Total assets</b>	<b>\$ 4,372,869</b>	<b>100</b>	<b>4,561,758</b>	<b>100</b>	<b>3,975,586</b>	<b>100</b>								

See accompanying notes to financial statements.

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

**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2023 and 2022**

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

		For the three-month periods ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Net revenue (notes 6(m) and 7)	\$ 2,054,333	100	1,828,508	100
5000	Cost of Sales (notes 6(c)(d)(e)(h)(i) and 12)	<u>(1,663,098)</u>	<u>(81)</u>	<u>(1,436,056)</u>	<u>(78)</u>
	<b>Gross profit</b>	<u>391,235</u>	<u>19</u>	<u>392,452</u>	<u>22</u>
	<b>Operating expenses (notes 6(b)(c)(d)(e)(h)(i)(k)(m)(n), 7 and 12)</b>				
6100	Selling expenses	(57,337)	(3)	(50,544)	(3)
6200	Administrative expenses	(193,918)	(9)	(198,648)	(11)
6300	Research and development expenses	(11,009)	-	(7,106)	-
6450	Expected credit gains (losses)	<u>5,285</u>	<u>-</u>	<u>(13,069)</u>	<u>(1)</u>
	<b>Total operating expenses</b>	<u>(256,979)</u>	<u>(12)</u>	<u>(269,367)</u>	<u>(15)</u>
	<b>Net operating income</b>	<u>134,256</u>	<u>7</u>	<u>123,085</u>	<u>7</u>
	<b>Non-operating income and expenses (notes 6(h)(o)):</b>				
7100	Interest income	2,719	-	1,446	-
7010	Other income	3,297	-	1,727	-
7020	Other gains and losses	798	-	3,690	-
7050	Finance costs	<u>(1,483)</u>	<u>-</u>	<u>(1,265)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>5,331</u>	<u>-</u>	<u>5,598</u>	<u>-</u>
	<b>Profit before tax</b>	139,587	7	128,683	7
7950	Income tax expenses (note 6(j))	<u>(16,450)</u>	<u>(1)</u>	<u>(18,901)</u>	<u>(1)</u>
	<b>Net profit</b>	<u>123,137</u>	<u>6</u>	<u>109,782</u>	<u>6</u>
8300	<b>Other comprehensive income (note 6(k)):</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	3,559	-	67,124	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>3,559</u>	<u>-</u>	<u>67,124</u>	<u>4</u>
8300	<b>Other comprehensive income</b>	<u>3,559</u>	<u>-</u>	<u>67,124</u>	<u>4</u>
	<b>Total comprehensive income</b>	<u>\$ 126,696</u>	<u>6</u>	<u>176,906</u>	<u>10</u>
	<b>Earnings per share (in dollars) (note 6(l))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 1.85</u>		<u>1.66</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 1.83</u>		<u>1.64</u>	

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

**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2023 and 2022**  
**(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
<b>Balance at January 1, 2022</b>	<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 loss	-	-	-	-	-	-	-	-	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 issues through employees' remuneration	-	2,312	2,312	17,688	-	-	-	-	-	-	20,000
<b>Balance at March 31, 2022</b>	<u>\$ 669,211</u>	<u>2,312</u>	<u>671,523</u>	<u>791,658</u>	<u>176,669</u>	<u>81,812</u>	<u>1,050,088</u>	<u>1,307,969</u>	<u>(39,929)</u>	<u>(37,134)</u>	<u>2,694,087</u>
<b>Balance at January 1, 2023</b>	<u>\$ 671,523</u>	<u>-</u>	<u>671,523</u>	<u>791,658</u>	<u>222,379</u>	<u>107,053</u>	<u>1,120,005</u>	<u>1,449,437</u>	<u>(77,104)</u>	<u>(37,134)</u>	<u>2,798,380</u>
Net profit	-	-	-	-	-	-	123,137	123,137	-	-	123,137
Other comprehensive income	-	-	-	-	-	-	-	-	3,559	-	3,559
Total comprehensive income	-	-	-	-	-	-	123,137	123,137	3,559	-	126,696
New share issues through employees' remuneration	-	1,754	1,754	18,246	-	-	-	-	-	-	20,000
<b>Balance at March 31, 2023</b>	<u>\$ 671,523</u>	<u>1,754</u>	<u>673,277</u>	<u>809,904</u>	<u>222,379</u>	<u>107,053</u>	<u>1,243,142</u>	<u>1,572,574</u>	<u>(73,545)</u>	<u>(37,134)</u>	<u>2,945,076</u>

See accompanying notes to financial statements.

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

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2023 and 2022**

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

	For the three-month periods ended March 31	
	2023	2022
<b>Cash flows generated from (used in) operating activities:</b>		
Profit before tax	\$ 139,587	128,683
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	20,612	20,800
Amortization expense	2,492	3,021
Expected credit (gains) losses	(5,285)	13,069
Interest expense	1,483	1,265
Interest income	(2,719)	(1,446)
Compensation cost arising from share-based payments	-	3,487
Loss on disposal of property, plant and equipment	87	735
Gain on disposal of investments	-	(2,959)
<b>Total adjustments to reconcile profit</b>	<u>16,670</u>	<u>37,972</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in current contract assets	973	1,119
Increase in notes and accounts receivable, net	(173,044)	(188,412)
Decrease (increase) in accounts receivable-related parties	4,216	(3,001)
Decrease in other receivables	409	1,187
Increase in prepayments	(9,338)	(8,521)
Decrease in other current assets	545	124
<b>Total changes in operating assets</b>	<u>(176,239)</u>	<u>(197,504)</u>
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities	6,916	152
Decrease in accounts payable	(9,675)	(14,545)
Decrease in other payables	(242,758)	(196,256)
Increase (decrease) in other payables-related parties	13	(143)
Decrease in other current liabilities	(6,734)	(6,671)
Increase in net defined benefit liability	448	214
<b>Total changes in operating liabilities</b>	<u>(251,790)</u>	<u>(217,249)</u>
<b>Net changes in operating assets and liabilities</b>	<u>(428,029)</u>	<u>(414,753)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(411,359)</u>	<u>(376,781)</u>
Cash used in operations	(271,772)	(248,098)
Interest received	2,655	1,446
Interest paid	(1,519)	(1,270)
Income taxes paid	(14,769)	(5,188)
<b>Net cash used in operating activities</b>	<u>(285,405)</u>	<u>(253,110)</u>
<b>Cash flows generated from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(4,807)	(2,723)
Proceeds from disposal of property, plant and equipment	156	198
(Increase) decrease in refundable deposits	(459)	2,298
Acquisition of intangible assets	-	(2,915)
Increase in other non-current assets	-	(466)
<b>Net cash used in investing activities</b>	<u>(5,110)</u>	<u>(3,608)</u>
<b>Cash flows generated from (used in) financing activities:</b>		
Increase in short-term loans	597,916	142,333
Repayments of short-term loans	(605,868)	(222,692)
Repayments of long-term loans	(56,709)	(2,081)
Repayments of the principal portion of lease liabilities	(7,786)	(7,547)
Treasury shares transferred to employees	-	35,972
<b>Net cash used in financing activities</b>	<u>(72,447)</u>	<u>(54,015)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>1,771</u>	<u>17,509</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(361,191)</u>	<u>(293,224)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,184,815</u>	<u>877,245</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 823,624</u>	<u>584,021</u>

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, 2023 and 2022

(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, 2023 and 2022 were authorized for issue by the Board of Directors on May 9, 2023.

#### (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, 2023:

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

- (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”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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 IAS 1 “Non-current Liabilities with Covenants”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative information”
- Amendment to IFRS 16 “Requirements for Sale and Leaseback Transactions”

#### (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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

##### (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	
				2023.03.31	2022.12.31	2022.03.31		
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%	100.00%		
	WIBI	Wistron ITS (Hong Kong) Limited (WIHH)	Professional investment enterprise	Hong Kong	100.00%	100.00%	100.00%	

Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership			Note
				2023.03.31	2022.12.31	2022.03.31	
WIHH	Wistron Information Technology and Service (Beijing) Inc. (WIBJ)	Research, develop, design of software, and IT consulting service	China	100.00%	100.00%	100.00%	
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%	100.00%	
	Wistron ITS (Dalian) Ltd.(WIDL)	"	China	100.00%	-	-	Note

(Note) The company was set up in the 1<sup>st</sup> quarter of 2023.

(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 (and allocated to current and deferred taxes based on its proportionate size).

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 the 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. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has considered the economic implications of climate change on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance.

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, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

## (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 2022 consolidated financial statements. Please refer to Note 6 of the 2022 annual consolidated financial statements.

### (a) Cash and cash equivalents

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Cash on hand	\$ 464	349	477
Demand and checking deposits	796,231	1,021,014	583,544
Time deposits	<u>26,929</u>	<u>163,452</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 823,624</u>	<u>1,184,815</u>	<u>584,021</u>

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

### (b) Notes and accounts receivable (including related parties)

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Notes receivable	\$ 44,592	54,501	50,980
Accounts receivable	2,526,349	2,340,184	2,324,989
Accounts receivable-related parties	51,508	55,725	41,162
Less: Loss allowance	<u>(20,481)</u>	<u>(25,657)</u>	<u>(41,557)</u>
	<u>\$ 2,601,968</u>	<u>2,424,753</u>	<u>2,375,574</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:

	<u>March 31, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average expected credit loss rate</u>	<u>Lifetime expected credit loss allowance</u>
Not overdue	\$ 2,046,050	0~0.25%	494
Overdue within 30 days	212,643	0~0.806%	189
Overdue 31~120 days	292,799	0~23.798%	3,085
Overdue 121~180 days	50,909	0~39.814%	4,167
Overdue 181~365 days	15,727	0~100%	8,225
Overdue more than 365 days	<u>4,321</u>	100%	<u>4,321</u>
	<u>\$ 2,622,449</u>		<u>20,481</u>

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not overdue	\$ 1,968,229	0~2.619%	3,648
Overdue within 30 days	234,120	0~7.893%	3,059
Overdue 31~120 days	224,642	0~25.648%	7,894
Overdue 121~180 days	13,036	0~100%	1,652
Overdue 181~365 days	8,628	0~100%	7,649
Overdue more than 365 days	<u>1,755</u>	100%	<u>1,755</u>
	<b><u>\$ 2,450,410</u></b>		<b><u>25,657</u></b>
	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Lifetime expected credit loss allowance</b>
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>
	<b><u>\$ 2,417,131</u></b>		<b><u>41,557</u></b>

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

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance as of January 1	\$ 25,657	27,142
Impairment losses (reversed) recognized	(5,256)	13,103
Effect of changes in foreign exchange rate	<u>80</u>	<u>1,312</u>
Balance as of March 31	<b><u>\$ 20,481</u></b>	<b><u>41,557</u></b>

As of March 31, 2023, December 31 and March 31, 2022, 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:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Computers and other equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
<b>Cost :</b>								
Balance as of January 1, 2023	\$ 190,856	574,936	134,357	4,012	50,503	37,036	-	991,700
Additions	-	-	2,008	-	414	2,385	-	4,807
Disposals	-	-	(6,020)	-	(385)	-	-	(6,405)
Effect of changes in foreign exchange rates	-	646	64	10	78	(56)	-	742
Balance as of March 31, 2023	<u>\$ 190,856</u>	<u>575,582</u>	<u>130,409</u>	<u>4,022</u>	<u>50,610</u>	<u>39,365</u>	<u>-</u>	<u>990,844</u>
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	<u>\$ 190,856</u>	<u>580,247</u>	<u>123,384</u>	<u>4,095</u>	<u>50,089</u>	<u>39,148</u>	<u>808</u>	<u>988,627</u>
<b>Accumulated depreciation :</b>								
Balance as of January 1, 2023	\$ -	62,387	91,518	1,404	29,698	24,603	-	209,610
Depreciation	-	4,631	5,063	202	2,151	1,174	-	13,221
Disposals	-	-	(5,835)	-	(327)	-	-	(6,162)
Effect of changes in foreign exchange rates	-	68	28	3	38	(73)	-	64
Balance as of March 31, 2023	<u>\$ -</u>	<u>67,086</u>	<u>90,774</u>	<u>1,609</u>	<u>31,560</u>	<u>25,704</u>	<u>-</u>	<u>216,733</u>
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	<u>\$ -</u>	<u>48,999</u>	<u>78,527</u>	<u>819</u>	<u>23,849</u>	<u>23,235</u>	<u>-</u>	<u>175,429</u>
<b>Carrying value :</b>								
Balance as of January 1, 2023	<u>\$ 190,856</u>	<u>512,549</u>	<u>42,839</u>	<u>2,608</u>	<u>20,805</u>	<u>12,433</u>	<u>-</u>	<u>782,090</u>
Balance as of March 31, 2023	<u>\$ 190,856</u>	<u>508,496</u>	<u>39,635</u>	<u>2,413</u>	<u>19,050</u>	<u>13,661</u>	<u>-</u>	<u>774,111</u>
Balance as of January 1, 2022	<u>\$ 190,856</u>	<u>527,225</u>	<u>46,759</u>	<u>3,355</u>	<u>27,827</u>	<u>17,052</u>	<u>779</u>	<u>813,853</u>
Balance as of March 31, 2022	<u>\$ 190,856</u>	<u>531,248</u>	<u>44,857</u>	<u>3,276</u>	<u>26,240</u>	<u>15,913</u>	<u>808</u>	<u>813,198</u>

As of March 31, 2023, December 31 and March 31, 2022, the property, plant and equipment were pledged, please refer to Note 8.

## (d) Right-of-use assets

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

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance as of January 1, 2023	\$ 86,650	1,355	-	88,005
Additions	-	-	548	548
Effect of changes in foreign exchange rates	140	-	(2)	138
Balance as of March 31, 2023	<u>\$ 86,790</u>	<u>1,355</u>	<u>546</u>	<u>88,691</u>
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>-</u>	<u>89,713</u>
<b>Accumulated depreciation:</b>				
Balance as of January 1, 2023	\$ 50,699	151	-	50,850
Depreciation	7,255	113	23	7,391
Effect of changes in foreign exchange rates	71	-	-	71
Balance as of March 31, 2023	<u>\$ 58,025</u>	<u>264</u>	<u>23</u>	<u>58,312</u>
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>-</u>	<u>32,074</u>
<b>Carrying amount:</b>				
Balance as of January 1, 2023	<u>\$ 35,951</u>	<u>1,204</u>	<u>-</u>	<u>37,155</u>
Balance as of March 31, 2023	<u>\$ 28,765</u>	<u>1,091</u>	<u>523</u>	<u>30,379</u>
Balance as of January 1, 2022	<u>\$ 57,446</u>	<u>294</u>	<u>-</u>	<u>57,740</u>
Balance as of March 31, 2022	<u>\$ 57,455</u>	<u>184</u>	<u>-</u>	<u>57,639</u>

## (e) Intangible assets

The movements in intangible assets were as follows:

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<b>Cost:</b>			
Balance as of January 1, 2023	\$ 61,085	16,168	77,253
Effect of changes in foreign exchange rates	<u>61</u>	<u>(70)</u>	<u>(9)</u>
Balance as of March 31, 2023	<u><b>\$ 61,146</b></u>	<u><b>16,098</b></u>	<u><b>77,244</b></u>
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	<u>866</u>	<u>(357)</u>	<u>509</u>
Balance as of March 31, 2022	<u><b>\$ 57,225</b></u>	<u><b>16,532</b></u>	<u><b>73,757</b></u>
<b>Accumulated amortization:</b>			
Balance as of January 1, 2023	\$ 44,479	-	44,479
Amortization	2,492	-	2,492
Effect of changes in foreign exchange rates	<u>38</u>	<u>-</u>	<u>38</u>
Balance as of March 31, 2023	<u><b>\$ 47,009</b></u>	<u><b>-</b></u>	<u><b>47,009</b></u>
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	<u>511</u>	<u>-</u>	<u>511</u>
Balance as of March 31, 2022	<u><b>\$ 34,950</b></u>	<u><b>-</b></u>	<u><b>34,950</b></u>
<b>Carrying value:</b>			
Balance as of January 1, 2023	<u><b>\$ 16,606</b></u>	<u><b>16,168</b></u>	<u><b>32,774</b></u>
Balance as of March 31, 2023	<u><b>\$ 14,137</b></u>	<u><b>16,098</b></u>	<u><b>30,235</b></u>
Balance as of January 1, 2022	<u><b>\$ 22,026</b></u>	<u><b>16,889</b></u>	<u><b>38,915</b></u>
Balance as of March 31, 2022	<u><b>\$ 22,275</b></u>	<u><b>16,532</b></u>	<u><b>38,807</b></u>

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

## (i) Other current assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Refundable deposits	\$ 20,689	15,810	13,565
Temporary payment	1,057	1,608	1,491
Income tax refund receivables	<u>5</u>	<u>-</u>	<u>9</u>
	<u><b>\$ 21,751</b></u>	<u><b>17,418</b></u>	<u><b>15,065</b></u>

As of March 31, 2023, December 31, and March 31, 2022, the other current assets were not pledged.

## (ii) Other non-current assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Refundable deposits	\$ 14,022	18,440	17,270
Prepayment for equipment	<u>-</u>	<u>-</u>	<u>584</u>
	<u><b>\$ 14,022</b></u>	<u><b>18,440</b></u>	<u><b>17,854</b></u>

As of March 31, 2023, December 31, and March 31, 2022, the other non-current assets were pledged, please refer to Note 8.

## (g) Bank loans

## (i) Short-term loans

<b>March 31, 2023</b>				
<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>	
Unsecured bank loans	NTD	1.73%	2023	<u><b>\$ 150,000</b></u>
Unused bank credit lines				<u><b>\$ 1,860,487</b></u>
<b>December 31, 2022</b>				
<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>	
Unsecured bank loans	NTD	1.725%	2023	\$ 150,000
Unsecured bank loans	JPY	0.80%	2023	<u>8,075</u>
Total				<u><b>\$ 158,075</b></u>
Unused bank credit lines				<u><b>\$ 1,796,727</b></u>
<b>March 31, 2022</b>				
<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>	
Unsecured bank loans	NTD	0.87%	2022	\$ 20,000
Unsecured bank loans	JPY	0.795%	2022	<u>7,078</u>
Total				<u><b>\$ 27,078</b></u>
Unused bank credit lines				<u><b>\$ 2,117,149</b></u>

## (ii) Long-term loans

	<b>December 31, 2022</b>		
	<b>CNY (thousand)</b>	<b>Expiration</b>	<b>Amount</b>
Secured bank loans	\$ 12,762	2023.1~2028.10	56,408
Less: current portion	<u>(1,994)</u>		<u>(8,814)</u>
	<b><u>\$ 10,768</u></b>		<b><u>47,594</u></b>
Unused bank credit lines	<u>\$ -</u>		<u>-</u>
Range of interest rates			<u><b>3.90%</b></u>
	<b>March 31, 2022</b>		
	<b>CNY (thousand)</b>	<b>Expiration</b>	<b>Amount</b>
Secured bank loans	\$ 14,205	2022.4~2028.10	64,092
Less: current portion	<u>(1,936)</u>		<u>(8,734)</u>
	<b><u>\$ 12,269</u></b>		<b><u>55,358</u></b>
Unused bank credit lines	<u>\$ -</u>		<u>-</u>
Range of interest rates			<u><b>3.90%</b></u>

There were no long-term loans on March 31, 2023.

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

## (h) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	<u>\$ 19,297</u>	<u>23,867</u>	<u>29,916</u>
Non-current	<u>\$ 6,519</u>	<u>9,128</u>	<u>23,512</u>

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

The amount recognized in profit or loss were as follows:

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expenses on lease liabilities	<u>\$ 273</u>	<u>500</u>
Expenses relating to short-term leases	<u>\$ 2,275</u>	<u>2,768</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 2,946</u>	<u>2,901</u>

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

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 13,280</u>	<u>13,716</u>

(i) Leases of buildings and structures

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 leases some office space and 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, 2022 and 2021.

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

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of sales	\$ 293	59
Selling expenses	59	9
Administration expenses	<u>207</u>	<u>259</u>
	<u>\$ 559</u>	<u>327</u>

(ii) Defined contribution plans

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

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of sales	\$ 84,385	72,974
Selling expenses	3,550	2,934
Administration expenses	6,077	6,709
Research and development expenses	<u>510</u>	<u>345</u>
	<u>\$ 94,522</u>	<u>82,962</u>

## (j) Income tax

## (i) Income tax expense

The components of income tax expense were as follows:

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense	<b><u>\$ 16,450</u></b>	<b><u>18,901</u></b>

(ii) There is no income tax recognized directly in equity or other comprehensive income for the three-month periods ended March 31, 2023 and 2022.

(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, 2023 and 2022. For the related information, please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2022.

## (i) Common stock

As of March 31, 2023, December 31, and March 31, 2022, the Company's authorized common stock were 120,000 thousand shares with a par value of NT\$10 per share, amounting to \$1,200,000, of which 67,328 thousand shares, 67,152 thousand shares and 67,152 thousand shares, respectively, were issued (including the stock dividends). And the actual share capital amounts were \$673,277, \$671,523 and \$671,523. All proceeds from shares issued have been collected.

On March 6, 2023, the Company's Board of Directors meeting approved a resolution to distribute the employees' remuneration amounting to \$20,000, consisting of 176 thousand shares. The application of the capital increase was not yet approved by the Financial Supervisory Commission.

On March 8, 2022, the Company's Board of Directors meeting approved a resolution to distribute the employees' remuneration amounting to \$20,000, consisting of 231 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The base date of capital increase was resolved to be August 9, 2022, by the Board of Directors meeting. The relevant registration procedures had been completed.

## (ii) Retained earning

The Company's Articles 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 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 2022 and 2021 had been approved by the Company's Board of Directors meeting held on March 6, 2023 and the shareholders' meeting held on May 26, 2022, respectively. The appropriations and dividends were as follows:

	<u>2022</u>	<u>2021</u>
Cash dividends	<u>\$ 333,342</u>	<u>304,773</u>
(iii) Treasury shares		
a) The Company repurchased 958 thousand shares of its own common stock as treasury shares, at the amount of \$73,500, 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 was from March 30 to May 29, 2020. Out of the 958 thousand shares mentioned above, 474 thousand shares were transferred to its employees, resulting in the Company to hold the remaining 484 thousand shares as of March 31, 2023, December 31, and March 31, 2022. In addition, the employee remuneration expense of \$3,487, including that of its subsidiaries amounting to \$1,325, had been recognized in 2022.		
b) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.		
(iv) Other equity interest, net of tax		

	<b>Exchange differences on translation of foreign financial statements</b>	
	<u>2023</u>	<u>2022</u>
Balance as of January 1, 2023	\$ (77,104)	
Foreign currency translation differences	3,559	
Balance as of March 31, 2023	<u>\$ (73,545)</u>	
Balance as of January 1, 2022	\$ (107,053)	
Foreign currency translation differences	67,124	
Balance as of March 31, 2022	<u>\$ (39,929)</u>	

(l) Earnings per share ("EPS")

(i) Basic earnings per share

	<b>For the three-month periods ended March 31</b>	
	<u>2023</u>	<u>2022</u>
Net profit belonging to common shareholders	<u>\$ 123,137</u>	<u>109,782</u>
Weighted average common stock outstanding (in thousands shares)	<u>66,717</u>	<u>66,143</u>
Basic earnings per share (in dollars)	<u>\$ 1.85</u>	<u>1.66</u>

## (ii) Diluted earnings per share

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Net profit belonging to common shareholders	<u>\$ 123,137</u>	<u>109,782</u>
Weighted average common stock outstanding (in thousands shares)	66,717	66,143
Effect of potentially dilutive common stock (in thousands shares)		
Employees' remuneration	593	507
Employees' remuneration of subsidiaries	<u>95</u>	<u>129</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>67,405</u>	<u>66,779</u>
Diluted earnings per share (in dollars)	<u>\$ 1.83</u>	<u>1.64</u>

## (m) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Primary geographical markets:		
China	\$ 1,383,494	1,229,929
Taiwan	361,200	302,388
Japan	182,257	171,795
Other	<u>127,382</u>	<u>124,396</u>
	<u>\$ 2,054,333</u>	<u>1,828,508</u>
Major products:		
IT service revenue	<u>\$ 2,054,333</u>	<u>1,828,508</u>

## (ii) Balance of contracts

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes and accounts receivable (including related parties)	\$ 2,622,449	2,450,410	2,417,131
Less: loss allowance	<u>(20,481)</u>	<u>(25,657)</u>	<u>(41,557)</u>
	<u>\$ 2,601,968</u>	<u>2,424,753</u>	<u>2,375,574</u>
Contract assets	\$ 6,714	7,680	11,710
Less: loss allowance	<u>(201)</u>	<u>(230)</u>	<u>(351)</u>
	<u>\$ 6,513</u>	<u>7,450</u>	<u>11,359</u>

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

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance as of January 1	\$ 230	377
Impairment losses reversed	(29)	(34)
Effect of changes in foreign exchange rate	-	8
Balance as of March 31	<b>\$ 201</b>	<b>351</b>

  

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Contract liabilities	<b>\$ 22,759</b>	<b>15,852</b>	<b>14,964</b>

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 three months ended March 31, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the year was \$4,112 and \$5,659, 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) Remunerations to employees and directors

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of remunerations to employees and directors) 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) The Company shall allocate no less than 10% of annual profit as employees' remuneration. 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) The Company shall allocate no more than 2% of profit as the remuneration to directors in cash.

The Company's estimated of employees' and directors' remuneration were as follows:

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Employee's remuneration	\$ 18,830	13,920
Directors' remuneration	3,130	2,780
	<b>\$ 21,960</b>	<b>16,700</b>

The amounts are calculated by the net profit before tax excluding employees' and directors' remuneration, of each period multiplied by the percentage of employees' and directors' remuneration as specified in the Company's Article of Incorporation. The amounts excluding the part of subsidiaries are accounted for under operating expense in 2023 and 2022. 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 remuneration 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' remuneration of \$83,250 and \$57,120 and directors' remuneration of \$9,250 and \$11,100 for the years ended December 31, 2022 and 2021. 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

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest income	<u>\$ 2,719</u>	<u>1,446</u>

(ii) Other income

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Government grants	<u>\$ 3,297</u>	<u>1,727</u>

(iii) Other gains and losses

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains, net	\$ 1,339	745
Losses on disposals of property, plant and equipment, net	(87)	(735)
Gains on disposal of investment	-	2,959
Others	<u>(454)</u>	<u>721</u>
	<u>\$ 798</u>	<u>3,690</u>

(iv) Finance costs

	<b>For the three-month periods ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expense	<u>\$ (1,483)</u>	<u>(1,265)</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, 2022.

(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 and contract assets 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).

## (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>
<b>As of March 31, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 150,000	150,100	150,100	-	-
Accounts payable	68,139	68,139	68,139	-	-
Other payables (including related parties)	960,434	960,434	960,434	-	-
Lease liabilities (current and non-current)	25,816	26,604	19,803	4,303	2,498
	<u>\$ 1,204,389</u>	<u>1,205,277</u>	<u>1,198,476</u>	<u>4,303</u>	<u>2,498</u>
<b>As of December 31, 2022</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 158,075	158,191	158,191	-	-
Accounts payable	77,865	77,865	77,865	-	-
Other payables (including related parties)	1,221,283	1,221,283	1,221,283	-	-
Lease liabilities (current and non-current)	32,995	34,013	24,564	6,654	2,795
Long-term loans (including current portion)	56,408	63,200	10,881	10,881	41,438
	<u>\$ 1,546,626</u>	<u>1,554,552</u>	<u>1,492,784</u>	<u>17,535</u>	<u>44,233</u>
<b>As of March 31, 2022</b>					
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>

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:

	March 31, 2023			December 31, 2022				
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD		
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	\$ 293	USD/TWD	30.454	8,910	450	USD/TWD	30.708	13,805
USD	2,399	USD/HKD	7.8502	73,072	2,922	USD/HKD	7.7975	89,723
CNY					5,019	CNY/HKD	1.1223	22,185
JPY	37,042	JPY/HKD	0.0592	8,509	36,160	JPY/HKD	0.0586	8,343
JPY	8,850	JPY/CNY	0.0518	2,033	9,060	JPY/CNY	0.0522	2,090
<u>Financial Liabilities</u>								
<u>Monetary items</u>								
USD	112	USD/HKD	7.8502	3,407	254	USD /HKD	7.7975	7,800
CNY	1,226	CNY/HKD	1.1422	5,433	6,000	CNY/HKD	1.1223	26,520
JPY					35,979	JPY/HKD	0.0586	8,301

	March 31, 2022			
	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 297	USD/TWD	28.622	8,504
CNY	2,865	CNY/HKD	1.2342	12,929
JPY	39,627	JPY/HKD	0.0645	9,350
USD	2,246	USD /HKD	7.8294	64,285
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	149	USD/HKD	7.8294	4,258
CNY	5,362	CNY/HKD	1.2342	24,193
JPY	30,000	JPY/HKD	0.0645	7,078

## 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 weakening or strengthening 5% of the NTD against the USD, CNY and JPY for the three-month periods ended March 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$4,220 and \$2,948, 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 ended March 31, 2023 and 2022, foreign exchange gain, including realized and unrealized portions, amounted to \$1,339 and \$745, 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 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 decreased / increased by \$375 and \$160 for the three-month periods ended March 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(v) Fair value information – Categories and fair values of financial instruments

The carrying amount of the financial assets and liabilities is reasonably close to the fair value, so the disclosure of the 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(q) of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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

Reconciliation of liabilities arising from financing activities for the three-month periods ended March 31, 2023 and 2022, were as follows:

	January 1, 2023	Cash flows		Non-cash changes		March 31, 2023
		Cash flows	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	
Short-term loans	\$ 158,075	597,916	(605,868)	-	(123)	150,000
Long-term loans (including current portion)	56,408	-	(56,709)	-	301	-
Lease liabilities (current and non-current)	32,995	-	(7,786)	548	59	25,816
	<b>\$ 247,478</b>	<b>597,916</b>	<b>(670,363)</b>	<b>548</b>	<b>237</b>	<b>175,816</b>
	January 1, 2022	Cash flows		Non-cash changes		March 31, 2022
		Cash flows	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	
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
	<b>\$ 224,917</b>	<b>142,333</b>	<b>(232,320)</b>	<b>5,645</b>	<b>4,023</b>	<b>144,598</b>

**(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 party
Winyann Technology Service Kun Shan, Ltd. (WYKS)	Other related party
WiAdance Technology Corporation (AGI)	Other related party
Wistron NeWeb Corporation (WNC)	Other related party
Weidu Corporation (WETW)	Other related party

**(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:

	<u>Revenue</u>		<u>Accounts receivable -related parties</u>		
	<u>For the three-month periods ended March 31</u>		<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	<u>2023</u>	<u>2022</u>			
Entities with significant influence over the Group	\$ 79,581	60,411	48,251	52,690	38,447
Other related parties	4,554	2,866	3,257	3,035	2,715
	<u>\$ 84,135</u>	<u>63,277</u>	<u>51,508</u>	<u>55,725</u>	<u>41,162</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) Other transactions**

For the three-month periods ended March 31, 2023 and 2022, the entity with significant influence over the Group provided management services to the Group at the amounts of \$120 and \$0, resulting in other payables from the above transactions to be \$0, entirely at the end of March 31, 2023, December 31, 2022, and March 31, 2022.

For the three-month periods ended March 31, 2023 and 2022, other related parties provided management, system and miscellaneous services to the Group at the amounts of \$32 and \$50, resulting in other payables from the above transactions to be \$34, \$21 and \$53, respectively at the end of March 31, 2023, December 31, 2022, and March 31, 2022.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Receivables – related parties:			
Accounts receivable	<u>\$ 51,508</u>	<u>55,725</u>	<u>41,162</u>
Payables – related parties:			
Other payables	<u>\$ 34</u>	<u>21</u>	<u>53</u>

## (c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three-month periods ended March 31	
	2023	2022
Short-term employee benefits	\$ 17,457	16,854
Post-employment benefits	350	319
	<u>\$ 17,807</u>	<u>17,173</u>

## (8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits—other non-current assets	Performance guarantee and warranty	\$ 578	578	-
Property, plant and equipment	Long-term loans (including current portions)	<u>224,510</u>	<u>226,068</u>	<u>237,284</u>
		<u>\$ 225,088</u>	<u>226,646</u>	<u>237,284</u>

## (9) Significant commitments and contingencies: None

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

## (11) Subsequent events:

On May 9, 2023, the Company's Board of Directors meeting approved to issue no more than 5,500 thousand shares, at a par value of NT\$10 per share. The record date of share subscription will be determined in accordance with the relevant laws and regulations after the Company's declaration from regulatory authority takes effect.

## (12) Other

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

By function	For the three-month periods ended, 2023			For the three-month periods ended, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,315,518	178,524	1,494,042	1,133,033	174,752	1,307,785
Labor and health insurance	71,804	11,696	83,500	61,344	10,714	72,058
Pension	84,678	10,403	95,081	73,033	10,256	83,289
Others	10,558	3,207	13,765	2,733	4,103	6,836
Depreciation	2,536	18,076	20,612	2,721	18,079	20,800
Amortization	110	2,382	2,492	46	2,975	3,021

(b) Seasonality of operations

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

**(13) Other disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three-month period ended March 31, 2023:

- (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, 2023 (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: Please refer to Table 3.
  - (ix) Trading in derivative instruments: None.
  - (x) Business relationships and significant intercompany transactions: Please refer to Table 4.
- (b) Information on investees (excluding information on investees in mainland China): Please refer to Table 5.
- (c) Information on investment in mainland China: Please refer to Table 6.
- (d) Major shareholders: Please refer to Table 7.

**(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, 2023**

Table 1

No.	Endorsee/ guarantee provider	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (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	WIWZ	2	1,472,538	692,312	692,312	-	-	23.51%	2,945,076	Y	N	Y	-
0	The Company	WIBJ	2	1,472,538	88,992	88,624	-	-	3.01%	2,945,076	Y	N	Y	-
0	The Company	WIUS	2	1,472,538	60,960	60,908	-	-	2.07%	2,945,076	Y	N	N	-
0	The Company	WIHK	2	1,472,538	121,920	121,816	-	-	4.14%	2,945,076	Y	N	N	-
0	The Company	WISS	2	1,472,538	145,000	145,000	9,523	-	4.92%	2,945,076	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, 2023**

Table 2

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	
WIWZ	WIBJ	Parent - subsidiary company	Sales	(122,305)	(8.40)%	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	27,871	1.49%	(Note)
WIDL	WIWZ	Parent - subsidiary company	Sales	(122,003)	(93.93)%	"	"	"	121,663	88.61%	"
WIBJ	WIWZ	Parent - subsidiary company	Purchases	122,305	93.99%	"	"	"	(27,871)	(77.86)%	"
WIWZ	WIDL	Parent - subsidiary company	Purchases	122,003	76.25%	"	"	"	(121,663)	(87.58)%	"

(Note)The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

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

**Notes to the Consolidated Financial Statements**

**Accounts receivable from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock**

**March 31, 2023**

Table 3

Name of company	Related party	Nature of relationship	Balance of receivables from related party	Turnover rate	Overdue receivables		Amounts collected subsequent to the balance sheet date (As of April 28, 2023)	Allowance for doubtful accounts	Notes
					Amount	Action taken			
WIDL	WIWZ	Parent - subsidiary company	121,663	8.02	-		113,501	-	(Note)

(Note)The aforementioned intercompany 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, 2023**

Table 4

No. (Note 1)	Company name	Related party	Nature of relationship (Note 2)	Transaction			
				Financial statements item (Note 3)	Amount	Trading conditions	Percentage of the consolidated net revenue or total assets (Note 4)
0	The Company	WIHK	1	Service Revenue	9,404	Not significantly different from the transactions of the third-parties	0.46%
1	WIJP	WIHK	3	"	720	"	0.04%
2	WIHK	WIJP	3	"	20,103	"	0.98%
2	WIHK	WIUS	3	"	34,441	"	1.68%
3	WIBJ	WIWZ	3	"	15,966	"	0.78%
4	WIYC	WIWZ	3	"	4,111	"	0.20%
5	WIWZ	WIBJ	3	"	122,305	"	5.95%
5	WIWZ	WIHK	3	"	74,373	"	3.62%
6	WIHZ	WIWZ	3	"	642	"	0.03%
7	WIDL	WIBJ	3	"	7,808	"	0.38%
7	WIDL	WIWZ	3	"	122,003	"	5.94%
0	The Company	WIHK	1	Accounts receivable-related parties	1,764	Not significantly different from the transactions of the third-parties	0.04%
1	WIJP	WIHK	3	"	294	"	0.01%
2	WIHK	WIJP	3	"	6,901	"	0.16%
2	WIHK	WIUS	3	"	12,530	"	0.29%
3	WIBJ	WIWZ	3	"	5,638	"	0.13%

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

**Notes to the Consolidated Financial Statements**

**Business relationships and significant intercompany transactions**

**March 31, 2023**

No. (Note 1)	Company name	Related party	Nature of relationship (Note 2)	Transaction			Percentage of the consolidated net revenue or total assets (Note 4)
				Financial statements item (Note 3)	Amount	Trading conditions	
4	WIYC	WIWZ	3	"	1,426	"	0.03%
5	WIWZ	WIBJ	3	"	27,871	"	0.64%
5	WIWZ	WIHK	3	"	5,433	"	0.12%
6	WIHZ	WIWZ	3	"	252	"	0.01%
7	WIDL	WIBJ	3	"	7,786	"	0.18%
7	WIDL	WIWZ	3	"	121,663	"	2.78%

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 intercompany 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 information on investees in mainland China)**

**March 31, 2023**

Table 5

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%	2,304,681	66,114	66,114	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00%	153,714	8,137	8,137	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00%	66,553	2,433	2,433	"
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00%	32,295	997	997	"
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00%	4,160	(1,752)	(1,752)	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00%	2,304,473	66,114	66,114	"

Note: The aforementioned intercompany 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, 2023**

Table 6

## 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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Notes 2 · 8)	Carrying amount as of March 31, 2023 (Note 2 · 8)	Accumulated inward remittance of earnings as of March 31, 2023	Notes
					Outflow	Inflow							
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1)1.	169,420	-	-	169,420	66,108 (Note 3)	100.00%	66,108 (Note 3)	2,301,714	-	(Note 7 and 8)
WIWZ	Research, develop, design of software, and information consulting service	667,314	(Note 1)2.	-	-	-	-	61,962 (Note 3)	100.00%	61,962 (Note 3)	1,086,353	-	(Note 8)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	198 (Note 3)	100.00%	198 (Note 3)	18,730	-	(Note 8)
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	33 (Note 3)	100.00%	33 (Note 3)	256	-	(Note 8)
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	22,248 (Note 3)	100.00%	22,248 (Note 3)	44,342	-	(Note 8)

## 2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
217,178 (USD 7,131,356 )	1,780,382 (USD 58,461,356 )	1,767,045

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

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, 2023 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, 2023**

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

(Note 4) : Translated using the ending rate on March 31, 2023, which was USD: NTD = 1: 30.454.

(Note 5) : According to the "Principles for the Review of Investment or Technical Joint Venture in Mainland China", cumulative investments into the Mainland shall not exceed 60% of the investor's net worth or consolidated net worth, whichever the higher or NTD 80 million dollars. In addition, the amount of capital increase from earnings does not account for accumulated investment in Mainland China.

(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; Of which USD 73,600 was the investment in the dissolved subsidiary at Shanghai.

(Note 7) : As of March 31, 2023, WIBJ increased its capital of CNY 88,113 thousand and CNY 188,000 thousand from retained earnings based on the resolutions approved during its board meetings held on January 12, 2022 and October 4, 2022, resulting in its share capital to increase from CNY 111,887 thousand to CNY 200,000 thousand and CNY 200,000 thousand to CNY 388,000 thousand, respectively.

(Note 8) : The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

**3. Significant transactions :**

For the three-month period ended March 31, 2023, 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, 2023**

Table 7

<b>Shareholder's Name</b>	<b>Shareholding</b>	
	<b>Shares</b>	<b>Percentage</b>
Wistron Digital Technology Holding Company	15,718,837	23.40%