

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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.

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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, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022 and its consolidated cash flows for the six months ended June 30, 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)
August 8, 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)
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 856,289	19	1,184,815	26	756,889	18	2100	Short-term borrowings (note 6(g))	\$ 150,000	3	158,075	4	130,147	3
1140	Current contract assets (note 6(n))	10,414	-	7,450	-	13,561	-	2130	Current contract liabilities (notes 6(n))	25,106	1	15,852	-	16,990	-
1170	Notes and accounts receivable, net (notes 6(b)(n))	2,682,556	60	2,369,028	52	2,448,758	58	2170	Accounts payable	69,278	2	77,865	2	75,832	2
1180	Accounts receivable-related parties, net (notes 6(b)(n) and 7)	43,862	1	55,725	1	51,511	1	2216	Dividends payable (notes 6(k) and 7)	333,342	7	-	-	304,773	7
1200	Other receivables	46	-	602	-	49	-	2219	Other payables (note 6(o))	1,017,441	23	1,221,262	27	948,032	23
1220	Current tax assets	1,104	-	1,703	-	9,582	-	2220	Other payables-related parties (note 7)	78	-	21	-	-	-
1410	Prepayments	22,298	-	19,933	1	20,201	1	2230	Current tax liabilities	58,172	1	55,469	1	36,440	1
1470	Other current assets (notes 6(f))	19,909	-	17,418	-	15,873	-	2399	Other current liabilities	46,470	1	48,962	1	32,339	1
Total current assets		3,636,478	80	3,656,674	80	3,316,424	78	2280	Current lease liabilities (note 6(h))	10,837	-	23,867	1	29,075	1
Non-current assets:								2322	Long-term borrowings, current portion (notes 6(c)(g) and 8)	-	-	8,814	-	8,669	-
1600	Property, plant and equipment (notes 6(c) and 8)	754,799	17	782,090	17	799,635	19	Total current liabilities							
1755	Right-of-use assets (note 6(d))	27,365	1	37,155	1	48,770	1	Non-Current liabilities:							
1780	Intangible assets (note 6(e))	28,551	1	32,774	1	35,450	1	2540	Long-term loans (notes 6(c)(g) and 8)	-	-	47,594	1	52,206	1
1840	Deferred tax assets	33,758	1	34,625	1	20,462	1	2570	Deferred tax liabilities	80,494	2	81,325	2	86,859	2
1900	Other non-current assets (notes 6(f) and 8)	16,804	-	18,440	-	18,909	-	2580	Non-current lease liabilities (note 6(h))	12,049	-	9,128	-	15,724	-
Total non-current assets		861,277	20	905,084	20	923,226	22	2640	Net defined benefit liability, non-current	12,860	-	12,789	-	15,598	-
								2670	Other non-current liabilities	2,195	-	2,355	-	2,232	-
								Total non-current liabilities							
								Total liabilities							
								Equity (notes 6(k)(m)):							
								3100	Capital stock	673,277	15	671,523	15	671,523	16
								3200	Capital surplus	820,904	18	791,658	17	791,658	19
								3300	Retained earnings	1,371,421	31	1,449,437	32	1,139,222	27
								3400	Other equity	(149,035)	(3)	(77,104)	(2)	(80,535)	(2)
								3500	Treasury shares	(37,134)	(1)	(37,134)	(1)	(37,134)	(1)
								Total equity							
Total assets		\$ 4,497,755	100	4,561,758	100	4,239,650	100	Total liabilities and equity		\$ 4,497,755	100	4,561,758	100	4,239,650	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
 SUBSIDIARIES**

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

(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				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net revenue (notes 6(n) and 7)	\$ 2,127,722	100	1,950,042	100	\$ 4,182,055	100	3,778,550	100
5000	Cost of Sales (notes 6(c)(d)(e)(h)(i) and 12)	(1,689,857)	(79)	(1,532,294)	(79)	(3,352,955)	(80)	(2,968,350)	(79)
	Gross profit	<u>437,865</u>	<u>21</u>	<u>417,748</u>	<u>21</u>	<u>829,100</u>	<u>20</u>	<u>810,200</u>	<u>21</u>
	Operating expenses (notes 6(b)(c)(d)(e)(h)(i)(k)(m)(n)(o), 7 and 12)								
6100	Selling expenses	(60,062)	(3)	(50,653)	(3)	(117,399)	(3)	(101,197)	(3)
6200	Administrative expenses	(210,191)	(10)	(202,373)	(10)	(404,109)	(10)	(401,021)	(11)
6300	Research and development expenses	(11,599)	(1)	(8,600)	-	(22,608)	-	(15,706)	-
6450	Expected credit losses	(7,712)	-	(1,590)	-	(2,427)	-	(14,659)	-
	Total operating expenses	<u>(289,564)</u>	<u>(14)</u>	<u>(263,216)</u>	<u>(13)</u>	<u>(546,543)</u>	<u>(13)</u>	<u>(532,583)</u>	<u>(14)</u>
	Net operating income	<u>148,301</u>	<u>7</u>	<u>154,532</u>	<u>8</u>	<u>282,557</u>	<u>7</u>	<u>277,617</u>	<u>7</u>
	Non-operating income and expenses (notes 6(h)(p)):								
7100	Interest income	1,522	-	820	-	4,241	-	2,266	-
7010	Other income	7,196	-	5,525	-	10,493	-	7,252	-
7020	Other gains and losses	723	-	3,722	-	1,521	-	7,412	-
7050	Finance costs	(1,046)	-	(1,976)	-	(2,529)	-	(3,241)	-
	Total non-operating income and expenses	<u>8,395</u>	<u>-</u>	<u>8,091</u>	<u>-</u>	<u>13,726</u>	<u>-</u>	<u>13,689</u>	<u>-</u>
	Profit before tax	<u>156,696</u>	<u>7</u>	<u>162,623</u>	<u>8</u>	<u>296,283</u>	<u>7</u>	<u>291,306</u>	<u>7</u>
7950	Income tax expenses (note 6(j))	(24,507)	(1)	(26,597)	(1)	(40,957)	(1)	(45,498)	(1)
	Net profit	<u>132,189</u>	<u>6</u>	<u>136,026</u>	<u>7</u>	<u>255,326</u>	<u>6</u>	<u>245,808</u>	<u>6</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	(75,490)	(3)	(40,606)	(2)	(71,931)	(2)	26,518	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>(75,490)</u>	<u>(3)</u>	<u>(40,606)</u>	<u>(2)</u>	<u>(71,931)</u>	<u>(2)</u>	<u>26,518</u>	<u>1</u>
8300	Other comprehensive (loss) income	<u>(75,490)</u>	<u>(3)</u>	<u>(40,606)</u>	<u>(2)</u>	<u>(71,931)</u>	<u>(2)</u>	<u>26,518</u>	<u>1</u>
	Total comprehensive income	<u>\$ 56,699</u>	<u>3</u>	<u>95,420</u>	<u>5</u>	<u>183,395</u>	<u>4</u>	<u>272,326</u>	<u>7</u>
	Earnings per share (in dollars) (note 6(l))								
9750	Basic earnings per share	<u>\$ 1.98</u>		<u>2.04</u>		<u>3.82</u>		<u>3.70</u>	
9850	Diluted earnings per share	<u>\$ 1.97</u>		<u>2.03</u>		<u>3.79</u>		<u>3.67</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Capital stock			Equity attributable to owners of parent					Other equity		Total 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	
Balance at January 1, 2022	<u>\$ 669,211</u>	<u>-</u>	<u>669,211</u>	<u>770,877</u>	<u>176,669</u>	<u>81,212</u>	<u>940,306</u>	<u>1,198,187</u>	<u>(107,053)</u>	<u>(73,500)</u>	<u>2,457,722</u>
Net profit	-	-	-	-	-	-	245,808	245,808	-	-	245,808
Other comprehensive loss	-	-	-	-	-	-	-	-	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 issued through employees' remuneration	-	2,312	2,312	17,688	-	-	-	-	-	-	20,000
Balance at June 30, 2022	<u>\$ 669,211</u>	<u>2,312</u>	<u>671,523</u>	<u>791,658</u>	<u>222,379</u>	<u>107,053</u>	<u>809,790</u>	<u>1,139,222</u>	<u>(80,535)</u>	<u>(37,134)</u>	<u>2,484,734</u>
Balance at January 1, 2023	<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	-	-	-	-	-	-	255,326	255,326	-	-	255,326
Other comprehensive income	-	-	-	-	-	-	-	-	(71,931)	-	(71,931)
Total comprehensive income	-	-	-	-	-	-	255,326	255,326	(71,931)	-	183,395
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	55,602	-	(55,602)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(333,342)	(333,342)	-	-	(333,342)
Reversal of special reserve	-	-	-	-	-	(29,949)	29,949	-	-	-	-
Compensation cost of employee stock options	-	-	-	11,000	-	-	-	-	-	-	11,000
New share issued through employees' remuneration	-	1,754	1,754	18,246	-	-	-	-	-	-	20,000
Balance at June 30, 2023	<u>\$ 671,523</u>	<u>1,754</u>	<u>673,277</u>	<u>820,904</u>	<u>277,981</u>	<u>77,104</u>	<u>1,016,336</u>	<u>1,371,421</u>	<u>(149,035)</u>	<u>(37,134)</u>	<u>2,679,433</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>For the six-month periods ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 296,283	291,306
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	40,224	41,902
Amortization expense	4,541	6,407
Expected credit losses	2,427	14,659
Interest expense	2,529	3,241
Interest income	(4,241)	(2,266)
Compensation cost arising from share-based payments	11,000	3,487
Loss on disposal of property, plant and equipment	534	735
Gain on disposal of investments	-	(2,959)
Gain on lease modification	(79)	-
Total adjustments to reconcile profit	<u>56,935</u>	<u>65,206</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in current contract assets	(3,201)	(1,241)
Increase in notes and accounts receivable, net	(382,263)	(340,389)
Increase (decrease) in accounts receivable-related parties	11,863	(13,350)
Decrease in other receivables	585	2,177
Increase in prepayments	(2,926)	(2,785)
Decrease in other current assets	918	77
Total changes in operating assets	<u>(375,024)</u>	<u>(355,511)</u>
Changes in operating liabilities:		
Increase in contract liabilities	9,892	2,840
Decrease in accounts payable	(5,469)	(17,082)
Decrease in other payables	(164,858)	(91,443)
Increase (decrease) in other payables-related parties	57	(196)
(Decrease) increase in other current liabilities	(1,691)	2,999
Increase in net defined benefit liability	71	425
Total changes in operating liabilities	<u>(161,998)</u>	<u>(102,457)</u>
Net changes in operating assets and liabilities	<u>(537,022)</u>	<u>(457,968)</u>
Total changes in operating assets and liabilities	<u>(480,087)</u>	<u>(392,762)</u>
Cash used in operations	(183,804)	(101,456)
Interest received	4,209	2,266
Interest paid	(2,567)	(3,163)
Income taxes paid	(36,844)	(48,623)
Net cash used in operating activities	<u>(219,006)</u>	<u>(150,976)</u>
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(6,942)	(8,266)
Proceeds from disposal of property, plant and equipment	303	216
(Increase) decrease in refundable deposits	(2,565)	409
Acquisition of intangible assets	(1,542)	(4,327)
Increase in other non-current assets	(311)	(1,028)
Net cash used in investing activities	<u>(11,057)</u>	<u>(12,996)</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	1,128,975	690,796
Repayments of short-term loans	(1,136,968)	(668,537)
Repayments of long-term loans	(56,709)	(4,202)
Repayments of the principal portion of lease liabilities	(14,295)	(14,829)
Treasury shares transferred to employees	-	35,972
Net cash (used in) generated from financing activities	<u>(78,997)</u>	<u>39,200</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(19,466)</u>	<u>4,416</u>
Net Decrease in cash and cash equivalents	<u>(328,526)</u>	<u>(120,356)</u>
Cash and cash equivalents at beginning of period	<u>1,184,815</u>	<u>877,245</u>
Cash and cash equivalents at end of period	<u>\$ 856,289</u>	<u>756,889</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND
 SUBSIDIARIES**

Notes to the Consolidated Financial Statements

June 30, 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 six months ended June 30, 2023 and 2022 were authorized for issue by the Board of Directors on August 8, 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”

- (c) 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 have 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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

(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
				2023.06.30	2022.12.31	2022.06.30	
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%	

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership			Note
				2023.06.30	2022.12.31	2022.06.30	
The Company	WITS AMERICA, CORP. (WIUS)	Research, develop, design of software, and IT consulting service	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%	
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 1st 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.

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(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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 411	349	390
Demand and checking deposits	797,645	1,021,014	734,329
Time deposits	<u>58,233</u>	<u>163,452</u>	<u>22,170</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 856,289</u>	<u>1,184,815</u>	<u>756,889</u>

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 49,265	54,501	66,188
Accounts receivable	2,660,536	2,340,184	2,424,864
Accounts receivable-related parties	43,862	55,725	51,511
Less: Loss allowance	<u>(27,245)</u>	<u>(25,657)</u>	<u>(42,294)</u>
	<u>\$ 2,726,418</u>	<u>2,424,753</u>	<u>2,500,269</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.

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The loss allowance provision was determined as follows:

	June 30, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 2,065,012	0~0.229%	314
Overdue within 30 days	286,270	0~0.738%	328
Overdue 31~60 days	118,612	0~2.931%	324
Overdue 61~120 days	213,733	0~21.830%	3,020
Overdue 121~180 days	27,350	0~36.582%	3,187
Overdue 181~365 days	35,394	0~100%	12,780
Overdue more than 365 days	<u>7,292</u>	100%	<u>7,292</u>
	<u>\$ 2,753,663</u>		<u>27,245</u>
	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 1,968,229	0~2.619%	3,648
Overdue within 30 days	234,120	0~7.893%	3,059
Overdue 31~60 days	88,229	0~14.666%	1,574
Overdue 61~120 days	136,413	0~25.648%	6,320
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>
	<u>\$ 2,450,410</u>		<u>25,657</u>
	June 30, 2022		
	Gross carrying amount	Weighted-average 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 31~60 days	82,584	0~15.804%	4,077
Overdue 61~120 days	211,157	0~27.622%	13,413
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>

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

	For the six-month periods ended June 30	
	2023	2022
Balance as of January 1	\$ 25,657	27,142
Impairment losses recognized	2,331	14,622
Effect of changes in foreign exchange rate	(743)	530
Balance as of June 30	\$ 27,245	42,294

As of June 30, 2023, December 31 and June 30, 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:

	Land	Buildings and structures	Computers and other equipment	Transportation equipment	Office equipment	Lease improvements	Construction in progress and testing equipment	Total
Cost :								
Balance as of January 1, 2023	\$ 190,856	574,936	134,357	4,012	50,503	37,036	-	991,700
Additions	-	-	4,091	-	466	2,385	-	6,942
Disposals	-	-	(6,991)	-	(433)	(1,654)	-	(9,078)
Effect of changes in foreign exchange rates	-	(6,661)	(1,875)	(105)	(1,156)	(1,056)	-	(10,853)
Balance as of June 30, 2023	\$ 190,856	568,275	129,582	3,907	49,380	36,711	-	978,711
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	-	-	-	-	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
Accumulated depreciation :								
Balance as of January 1, 2023	\$ -	62,387	91,518	1,404	29,698	24,603	-	209,610
Depreciation	-	9,263	10,088	403	4,298	2,260	-	26,312
Disposals	-	-	(6,664)	-	(357)	(1,220)	-	(8,241)
Effect of changes in foreign exchange rates	-	(893)	(1,352)	(49)	(793)	(682)	-	(3,769)
Balance as of June 30, 2023	\$ -	70,757	93,590	1,758	32,846	24,961	-	223,912
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
Carrying value :								
Balance as of January 1, 2023	\$ 190,856	512,549	42,839	2,608	20,805	12,433	-	782,090
Balance as of June 30, 2023	\$ 190,856	497,518	35,992	2,149	16,534	11,750	-	754,799
Balance as of January 1, 2022	\$ 190,856	527,225	46,759	3,355	27,827	17,052	779	813,853
Balance as of June 30, 2022	\$ 190,856	522,519	43,900	3,018	24,871	14,471	-	799,635

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As of June 30, 2023, December 31 and June 30, 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>
Cost:				
Balance as of January 1, 2023	\$ 86,650	1,355	-	88,005
Additions	16,709	-	548	17,257
Disposals	(24,846)	-	-	(24,846)
Effect of changes in foreign exchange rates	<u>(2,452)</u>	<u>-</u>	<u>(17)</u>	<u>(2,469)</u>
Balance as of June 30, 2023	<u>\$ 76,061</u>	<u>1,355</u>	<u>531</u>	<u>77,947</u>
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	<u>351</u>	<u>-</u>	<u>-</u>	<u>351</u>
Balance as of June 30, 2022	<u>\$ 86,316</u>	<u>1,323</u>	<u>-</u>	<u>87,639</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 50,699	151	-	50,850
Depreciation	13,636	226	50	13,912
Disposals	(12,546)	-	-	(12,546)
Effect of changes in foreign exchange rates	<u>(1,633)</u>	<u>-</u>	<u>(1)</u>	<u>(1,634)</u>
Balance as of June 30, 2023	<u>\$ 50,156</u>	<u>377</u>	<u>49</u>	<u>50,582</u>
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	<u>27</u>	<u>-</u>	<u>-</u>	<u>27</u>
Balance as of June 30, 2022	<u>\$ 37,619</u>	<u>1,250</u>	<u>-</u>	<u>38,869</u>
Carrying amount:				
Balance as of January 1, 2023	<u>\$ 35,951</u>	<u>1,204</u>	<u>-</u>	<u>37,155</u>
Balance as of June 30, 2023	<u>\$ 25,905</u>	<u>978</u>	<u>482</u>	<u>27,365</u>
Balance as of January 1, 2022	<u>\$ 57,446</u>	<u>294</u>	<u>-</u>	<u>57,740</u>
Balance as of June 30, 2022	<u>\$ 48,697</u>	<u>73</u>	<u>-</u>	<u>48,770</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, 2023	\$ 61,085	16,168	77,253
Additions	1,542	-	1,542
Effect of changes in foreign exchange rates	<u>(779)</u>	<u>(1,101)</u>	<u>(1,880)</u>
Balance as of June 30, 2023	<u>\$ 61,848</u>	<u>15,067</u>	<u>76,915</u>
Balance as of January 1, 2022	\$ 72,837	16,889	89,276
Additions	4,327	-	4,327
Disposals	(18,943)	-	(18,943)
Effect of changes in foreign exchange rates	<u>314</u>	<u>(1,563)</u>	<u>(1,249)</u>
Balance as of June 30, 2022	<u>\$ 58,085</u>	<u>15,326</u>	<u>73,411</u>
Accumulated amortization:			
Balance as of January 1, 2023	\$ 44,479	-	44,479
Amortization	4,541	-	4,541
Effect of changes in foreign exchange rates	<u>(656)</u>	<u>-</u>	<u>(656)</u>
Balance as of June 30, 2023	<u>\$ 48,364</u>	<u>-</u>	<u>48,364</u>
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	<u>136</u>	<u>-</u>	<u>136</u>
Balance as of June 30, 2022	<u>\$ 37,961</u>	<u>-</u>	<u>37,961</u>
Carrying value:			
Balance as of January 1, 2023	<u>\$ 16,606</u>	<u>16,168</u>	<u>32,774</u>
Balance as of June 30, 2023	<u>\$ 13,484</u>	<u>15,067</u>	<u>28,551</u>
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>

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

(i) Other current assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Refundable deposits	\$ 19,216	15,810	14,303
Temporary payment	693	1,608	1,570
	<u>\$ 19,909</u>	<u>17,418</u>	<u>15,873</u>

As of June 30, 2023, December 31, and June 30, 2022, the other current assets were not pledged.

(ii) Other non-current assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Refundable deposits	\$ 16,502	18,440	17,776
Prepayment for equipment	302	-	1,133
	<u>\$ 16,804</u>	<u>18,440</u>	<u>18,909</u>

As of June 30, 2023, December 31, and June 30, 2022, the other non-current assets were pledged, please refer to Note 8.

(g) Bank loans

(i) Short-term loans

<u>June 30, 2023</u>				
	<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.85%	2023	<u>\$ 150,000</u>
Unused bank credit lines				<u>\$ 2,060,881</u>
<u>December 31, 2022</u>				
	<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	8,075
Total				<u>\$ 158,075</u>
Unused bank credit lines				<u>\$ 1,796,727</u>

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	June 30, 2022			
	Currency	Interest rate collar	Expiration year	Amount
Unsecured bank loans	USD	2.71%	2022	\$ 14,863
Unsecured bank loans	RMB	3.15%	2022	115,284
Total				<u>\$ 130,147</u>
Unused bank credit lines				<u>\$ 1,812,705</u>

(ii) Long-term loans

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

	June 30, 2022		
	CNY (thousand)	Expiration	Amount
Secured bank loans	\$ 13,729	2022.4~2028.10	60,875
Less: current portion	<u>(1,955)</u>		<u>(8,669)</u>
	<u>\$ 11,774</u>		<u>52,206</u>
Unused bank credit lines	<u>\$ -</u>		<u>-</u>
Range of interest rates			<u>3.90%</u>

There were no long-term loans on June 30, 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u>\$ 10,837</u>	<u>23,867</u>	<u>29,075</u>
Non-current	<u>\$ 12,049</u>	<u>9,128</u>	<u>15,724</u>

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

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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	
	2023	2022	2023	2022
Interest expenses on lease liabilities	<u>\$ 225</u>	<u>456</u>	<u>498</u>	<u>956</u>
Expenses relating to short-term leases	<u>\$ 2,159</u>	<u>2,453</u>	<u>4,434</u>	<u>5,221</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 2,649</u>	<u>3,254</u>	<u>5,595</u>	<u>6,155</u>

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

	For the six-month periods ended June 30	
	2023	2022
Total cash outflow for leases	<u>\$ 24,822</u>	<u>27,161</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 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, 2022 and 2021.

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	
	2023	2022	2023	2022
Cost of sales	\$ 298	276	591	335
Selling expenses	59	46	118	55
Administration expenses	201	5	408	264
	<u>\$ 558</u>	<u>327</u>	<u>1,117</u>	<u>654</u>

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(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	
	2023	2022	2023	2022
Cost of sales	\$ 86,409	74,894	170,794	147,868
Selling expenses	3,503	2,997	7,053	5,931
Administration expenses	5,616	6,298	11,693	13,007
Research and development expenses	548	425	1,058	770
	<u>\$ 96,076</u>	<u>84,614</u>	<u>190,598</u>	<u>167,576</u>

(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	
	2023	2022	2023	2022
Current tax expense	<u>\$ 24,507</u>	<u>26,597</u>	<u>40,957</u>	<u>45,498</u>

(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, 2023 and 2022.

(iii) The Company's corporate income tax returns for the year through 2021 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 June 30, 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 June 30, 2023, December 31, and June 30, 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.

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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 approved by the Financial Supervisory Commission.

On May 9, 2023, the Company's Board of Directors meeting approved to issue 5,500 thousand shares, at a par value of NT\$10 per share. The application of the cash capital increase was approved by the Securities and Futures Bureau, Financial Supervisory Commission on June 14, 2023. The issue price was resolved to be NT\$92 per share, by the Board of Directors meeting on June 27, 2023. In addition, the Company is required to recognize the remuneration cost of cash capital increase to retain the shares for employee subscription, please refer to Note 6(m).

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 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 2022 and 2021 had been approved by the Company's shareholders' meetings held on May 30, 2023 and May 26, 2022, respectively. The appropriations and dividends were as follows:

	2022	2021
Cash dividends	\$ 333,342	304,773

(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 June 30, 2023, December 31, and June 30, 2022. In addition, the employee remuneration expense of \$3,487, including that of its subsidiaries amounting to \$1,325, had been recognized in 2022.

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- 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

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2023	\$ (77,104)
Foreign currency translation differences	(71,931)
Balance as of June 30, 2023	\$ (149,035)
Balance as of January 1, 2022	\$ (107,053)
Foreign currency translation differences	26,518
Balance as of June 30, 2022	\$ (80,535)

(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	
	2023	2022	2023	2022
Net profit belonging to common shareholders	\$ 132,189	136,026	255,326	245,808
Weighted average common stock outstanding (in thousands shares)	66,844	66,668	66,781	66,407
Basic earnings per share (in dollars)	\$ 1.98	2.04	3.82	3.70

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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	
	2023	2022	2023	2022
Net profit belonging to common shareholders	<u>\$ 132,189</u>	<u>136,026</u>	<u>255,326</u>	<u>245,808</u>
Weighted average common stock outstanding (in thousands shares)	66,844	66,668	66,781	66,407
Effect of potentially dilutive common stock (in thousands shares)				
Employees' remuneration	355	415	570	596
Employees' remuneration of subsidiary company	<u>-</u>	<u>-</u>	<u>47</u>	<u>64</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>67,199</u>	<u>67,083</u>	<u>67,398</u>	<u>67,067</u>
Diluted earnings per share (in dollars)	<u>\$ 1.97</u>	<u>2.03</u>	<u>3.79</u>	<u>3.67</u>

(m) Share-based payment

On May 9, 2023, the Company's Board of Directors meeting approved to issue 5,500,000 new shares through a cash capital increase. In accordance with Article 267 of the Company Law, 10% of these shares, totaling 550,000 shares, were reserved for preferential subscription by employees of the company (including subsidiaries). The Chairman should be authorized by the board of directors to contact a specific individual to fully subscribe the shares at the issue price for the shares that were either given up for subscription or undersubscribed by employees. The fair value of awarded equity interest on the grant date shall be measured in accordance with provisions of IFRS 2 "Share-Based Payment" at NT\$20. Remuneration costs of \$11,000 were recognized on the grant date for the six-month period ending on June 30, 2023.

The transaction information of the share-based payment below was as follow:

	<u>Cash injection reserved for employees</u>
Grant date	June 27, 2023
Number of options granted (in thousand shares)	550
Recipients	Employees of the Company and its subsidiaries
Vesting Conditions	Immediately vested

There were no share-based payments on June 30, 2022.

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The Group adopted the Black Scholes option pricing model to evaluate the fair value of the share-based payments at the grant date. The assumptions adopted in this valuation model were as follows:

	For the three-month periods ended June 30, 2023			
	Cash injection reserved for employees			
Fair value at the grant date (NT\$)	20			
Share value at the grant date (NT\$)	112			
Exercise price (NT\$)	92			
The expected life (days)	24			
The risk-free rate (%)	1.16			
Stock return volatility	36.092			
 (n) 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	
	2023	2022	2023	2022
Primary geographical markets:				
China	\$ 1,433,710	1,311,747	2,817,204	2,541,676
Taiwan	377,836	330,380	739,036	632,768
Japan	190,341	170,609	372,598	342,404
Other	125,835	137,306	253,217	261,702
	\$ 2,127,722	1,950,042	4,182,055	3,778,550
Major products:				
IT service revenue	\$ 2,127,722,	1,950,042	4,182,055	3,778,550
 (ii) Balance of contracts				
	June 30, 2023	December 31, 2022	June 30, 2022	
Notes and accounts receivable (including related parties)	\$ 2,753,663	2,450,410	2,542,563	
Less: loss allowance	(27,245)	(25,657)	(42,294)	
	\$ 2,726,418	2,424,753	2,500,269	
Contract assets	\$ 10,736	7,680	13,980	
Less: loss allowance	(322)	(230)	(419)	
	\$ 10,414	7,450	13,561	

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

	For the six-month periods ended June 30		
	2023	2022	
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Balance as of January 1	\$ 230	377	377
Impairment losses recognized	96	37	37
Effect of changes in foreign exchange rate	(4)	5	5
Balance as of June 30	<u>\$ 322</u>	<u>419</u>	<u>419</u>

	June 30, 2023	December 31, 2022	June 30, 2022
	<u>\$ 25,106</u>	<u>15,852</u>	<u>16,990</u>
Contract liabilities			

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, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the year was \$7,782 and \$9,823, 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.

(o) 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:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employee's remuneration	\$ 21,440	17,360	40,270	31,280
Directors' remuneration	2,470	3,470	5,600	6,250
	<u>\$ 23,910</u>	<u>20,830</u>	<u>45,870</u>	<u>37,530</u>

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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.

(p) Non-operating income and expenses

(i) Interest income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Interest income	<u>\$ 1,522</u>	<u>820</u>	<u>4,241</u>	<u>2,266</u>

(ii) Other income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Government grants	<u>\$ 7,196</u>	<u>5,525</u>	<u>10,493</u>	<u>7,252</u>

(iii) Other gains and losses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Foreign exchange gains, net	\$ 1,233	2,485	2,572	3,230
Losses on disposals of property, plant and equipment, net	(477)	-	(534)	(735)
Gains on disposal of investment	-	-	-	2,959
Gains on lease modification	79	-	79	-
Others	<u>(142)</u>	<u>1,237</u>	<u>(596)</u>	<u>1,958</u>
	<u>\$ 723</u>	<u>3,722</u>	<u>1,521</u>	<u>7,412</u>

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(iv) Finance costs

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
	Interest expense	\$ (1,046)	(1,976)	(2,529)

(q) 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(p) 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 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(n).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
As of June 30, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 150,000	150,053	150,053	-	-
Accounts payable	69,278	69,278	69,278	-	-
Other payables (including related parties and dividends payable)	1,350,861	1,350,861	1,350,861	-	-
Lease liabilities (current and non-current)	22,886	23,832	11,332	6,772	5,728
	\$ 1,593,025	1,594,024	1,581,524	6,772	5,728
As of December 31, 2022					
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
	\$ 1,546,626	1,544,552	1,492,784	17,535	44,233

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	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
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 dividends 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	10,216	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>

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:

	June 30, 2023			December 31, 2022				
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD		
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	\$ 461	USD/TWD	31.135	14,363	450	USD/TWD	30.708	13,805
USD	2,733	USD /HKD	7.8353	85,083	2,922	USD /HKD	7.7975	89,723
CNY	2,243	CNY/HKD	1.0833	9,656	5,019	CNY/HKD	1.1223	22,185
JPY	80,648	JPY/HKD	0.0541	17,341	36,160	JPY/HKD	0.0586	8,343
JPY	7,140	JPY/CNY	0.0499	1,535	9,060	JPY/CNY	0.0522	2,090

Financial Liabilities

Monetary items

USD	202	USD/HKD	7.8353	6,281	254	USD /HKD	7.7975	7,800
CNY	6,591	CNY/HKD	1.0833	28,370	6,000	CNY/HKD	1.1223	26,520
JPY					35,979	JPY/HKD	0.0586	8,301

June 30, 2022

	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 606	USD/TWD	29.726	18,007
CNY	287	CNY/HKD	1.1703	1,272
JPY	37,070	JPY/HKD	0.0577	8,107
JPY	8,160	JPY/CNY	0.0493	1,784
USD	2,681	USD /HKD	7.8458	79,694

Financial Liabilities

Monetary items

USD	942	USD/HKD	7.8458	27,993
CNY	1,243	CNY/HKD	1.1703	5,511

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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, 2023 and 2022 would have increased (decreased) the net profit after tax by \$4,655 and \$3,725, 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, 2023 and 2022, foreign exchange gain, including realized and unrealized portions, amounted to \$1,233, \$2,485, \$2,572 and \$3,230, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income would have increased / decreased by \$750 and \$379 for the six-month period ended June 30, 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

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.

(r) 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.

(s) 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.

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

Reconciliation of liabilities arising from financing activities for the six-month period ended June 30, 2023 and 2022, were as follows:

	Cash flows			Non-cash changes		June 30, 2023
	January 1, 2023	Proceeds from loans	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	
Short-term loans	\$ 158,075	1,128,975	(1,136,968)	-	(82)	150,000
Long-term loans (including current portion)	56,408	-	(56,709)	-	301	-
Lease liabilities (current and non-current)	32,995	-	(14,295)	4,878	(692)	22,886
	<u>\$ 247,478</u>	<u>1,128,975</u>	<u>(1,207,972)</u>	<u>4,878</u>	<u>(473)</u>	<u>172,886</u>

	Cash flows			Non-cash changes		June 30, 2022
	January 1, 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
Long-term loans (including current portion)	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>

(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
Wistron Digital Technology Holding Company(WDH)	The corporate director of the Company
Wiwynn Corporation (Wiwynn)	Other related parties
Winyann 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

(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, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Entities with significant influence over the Group	\$ 77,924	70,886	157,505	131,297	40,205	52,690	49,602
Other related parties	4,399	2,684	8,953	5,550	3,657	3,035	1,909
Total	\$ 82,323	73,570	166,458	136,847	43,862	55,725	51,511

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 six-month periods ended June 30, 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 June 30, 2023, December 31, and June 30, 2022.

For the six-month periods ended June 30, 2023 and 2022, other related parties provided management, system and miscellaneous services to the Group at the amounts of \$106 and \$50, resulting in other payables from the above transactions to be \$78, \$21 and \$0, respectively at the end of June 30, 2023, December 31, and June 30, 2022.

The dividends payable to the corporate director of the Company, WDH, at the amount of \$78,594, \$0 and \$72,109, respectively at the end of June 30, 2023, December 31, and June 30, 2022.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable — related parties:			
Accounts receivable	<u>\$ 43,862</u>	<u>55,725</u>	<u>51,511</u>
Accounts payable — related parties:			
Dividends payables	<u>\$ 78,594</u>	<u>-</u>	<u>72,109</u>
Other payables	<u>\$ 78</u>	<u>21</u>	<u>-</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	
	2023	2022	2023	2022
Short-term employee benefits	\$ 19,194	18,061	36,651	34,915
Post-employment benefits	321	320	671	639
Total	\$ 19,515	18,381	37,322	35,554

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(8) Pledged assets

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Refundable deposits — other non-current assets	Performance guarantee and warranty	\$ 578	578	-
Property, plant and equipment	Long-term loans (including current portions)	-	226,068	231,050
		<u>\$ 578</u>	<u>226,646</u>	<u>231,050</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 5,500 thousand shares, at a par value of NT\$10 per share. The application of the cash capital increase was approved by the Financial Supervisory Commission on June 14, 2023. The issue price was resolved to be NT\$92 per share and the base date of cash capital increase was resolved to be July 25, 2023, by the Board of Directors meeting on June 27, 2023.

(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, June 30, 2023			For the three-month periods ended, June 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total			
Employee benefits									
Salaries	1,327,761	192,549	1,520,310	1,196,445	180,016	1,376,461			
Labor and health insurance	73,094	9,664	82,758	63,063	8,682	71,745			
Pension	86,707	9,927	96,634	75,170	9,771	84,941			
Others	18,441	3,548	21,989	18,074	2,906	20,980			
Depreciation	2,351	17,261	19,612	2,620	18,482	21,102			
Amortization	96	1,953	2,049	37	3,349	3,386			

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By function	For the six-month periods ended, June 30, 2023			For the six-month periods ended, June 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	2,643,279	371,073	3,014,352	2,329,478	354,768	2,684,246
Labor and health insurance	144,898	21,360	166,258	124,407	19,396	143,803
Pension	171,385	20,330	191,715	148,203	20,027	168,230
Others	28,999	6,755	35,754	20,807	7,009	27,816
Depreciation	4,887	35,337	40,224	5,341	36,561	41,902
Amortization	206	4,335	4,541	83	6,324	6,407

(b) Seasonality of operations

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

(13) Other disclosures

(a) General information and segment information

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six-month period ended June 30, 2023:

- (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, 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.

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Notes to the Consolidated Financial Statements

- (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) Information on 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

June 30, 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	1,339,716	695,995	681,839	-	-	25.45%	2,679,433	Y	N	Y	-
0	The Company	WIBJ	2	1,339,716	88,992	86,092	-	-	3.21%	2,679,433	Y	N	Y	-
0	The Company	WIUS	2	1,339,716	62,270	62,270	-	-	2.32%	2,679,433	Y	N	N	-
0	The Company	WIHK	2	1,339,716	124,540	124,540	-	-	4.65%	2,679,433	Y	N	N	-
0	The Company	WISS	2	1,339,716	145,000	145,000	9,523	-	5.41%	2,679,433	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

June 30, 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	(221,081)	(7.55)%	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	42,490	2.15%	(Note)
WIWZ	WIHK	Subsidiary - subsidiary company	Sales	(154,279)	(5.27)%	"	"	"	28,370	1.44%	"
WIDL	WIWZ	Parent - subsidiary company	Sales	(451,670)	(89.91)%	"	"	"	135,092	68.44%	"
WIBJ	WIWZ	Parent - subsidiary company	Purchases	221,081	86.72%	"	"	"	(42,490)	(56.11)%	"
WIHK	WIWZ	Subsidiary - subsidiary company	Purchases	154,279	85.37%	"	"	"	(28,370)	(91.29)%	"
WIWZ	WIDL	Parent - subsidiary company	Purchases	451,670	89.94%	"	"	"	(135,092)	(94.61)%	"

(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

June 30, 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 July 28, 2023)	Allowance for doubtful accounts	Notes
					Amount	Action taken			
WIDL	WIWZ	Parent - subsidiary company	135,092	12.95	-		112,991	-	(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

June 30, 2023

Table 4

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	
0	The Company	WIHK	1	Service Revenue	20,803	Not significantly different from the transactions of the third-parties	0.50%
1	WISS	The Company	2	"	909	"	0.02%
2	WIJP	WIHK	3	"	1,527	"	0.04%
3	WIHK	WIJP	3	"	43,056	"	1.03%
3	WIHK	WIUS	3	"	67,731	"	1.62%
4	WIBJ	WIWZ	3	"	32,474	"	0.78%
5	WIYC	WIWZ	3	"	8,250	"	0.20%
6	WIWZ	WIBJ	3	"	221,081	"	5.29%
6	WIWZ	WIHK	3	"	154,279	"	3.69%
7	WIHZ	WIWZ	3	"	1,346	"	0.03%
8	WIDL	WIBJ	3	"	33,842	"	0.81%
8	WIDL	WIWZ	3	"	451,670	"	10.80%
0	The Company	WIHK	1	Accounts receivable-related parties	1,671	Not significantly different from the transactions of the third-parties	0.04%
1	WISS	The Company	2	"	680	"	0.02%
2	WIJP	WIHK	3	"	272	"	0.01%

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

June 30, 2023

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)
3	WIHK	WIJP	3	"	7,242	"	0.16%
3	WIHK	WIUS	3	"	17,206	"	0.38%
4	WIBJ	WIWZ	3	"	5,504	"	0.12%
5	WIYC	WIWZ	3	"	1,425	"	0.03%
6	WIWZ	WIBJ	3	"	42,490	"	0.94%
6	WIWZ	WIHK	3	"	28,370	"	0.63%
7	WIHZ	WIWZ	3	"	309	"	0.01%
8	WIDL	WIBJ	3	"	33,234	"	0.74%
8	WIDL	WIWZ	3	"	135,092	"	3.00%

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 investees in mainland China)

June 30, 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%	2,311,566	135,904	135,904	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00%	145,755	10,003	10,003	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00%	68,240	2,513	2,513	"
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00%	33,880	1,848	1,848	"
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00%	6,281	329	329	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00%	2,311,353	135,904	135,904	"

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
June 30, 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 June 30, 2023	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Notes 2 - 8)	Carrying amount as of June 30, 2023 (Note 2 - 8)	Accumulated inward remittance of earnings as of June 30, 2023	Notes
					Outflow	Inflow							
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1)1.	169,420	-	-	169,420	135,899 (Note 3)	100.00%	135,899 (Note 3)	2,308,527	-	(Note 7 and 8)
WIWZ	Research, develop, design of software, and information consulting service	667,314	(Note 1)2.	-	-	-	-	135,617 (Note 3)	100.00%	135,617 (Note 3)	1,130,248	-	(Note 8)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	227 (Note 3)	100.00%	227 (Note 3)	18,224	-	(Note 8)
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	64 (Note 3)	100.00%	64 (Note 3)	279	-	(Note 8)
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	60,348 (Note 3)	100.00%	60,348 (Note 3)	80,857	-	(Note 8)

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
222,035 (USD 7,131,356)	1,820,194 (USD 58,461,356)	1,607,659

(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 June 30, 2023 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 Group's auditor.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****Information on investment in Mainland China****June 30, 2023**

(Note 4) : Translated using the ending rate on June 30, 2023, which was USD: NTD = 1: 31.135.

(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 June 30, 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 six-month period ended June 30, 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****June 30, 2023**

Table 7

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