

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the related consolidated statements of changes in equity and cash flows for the nine months ended September 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022 and its consolidated cash flows for the nine months ended September 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)  
November 7, 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**

**September 30, 2023, December 31 and September 30, 2022**

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 988,214	21	1,184,815	26	699,573	16	2100	Short-term borrowings (note 6(g))	\$ 66,316	2	158,075	4	364,484	8
1140	Current contract assets (note 6(o) and 7)	10,087	-	7,450	-	14,529	-	2130	Current contract liabilities (notes 6(o))	18,292	-	15,852	-	19,965	-
1170	Notes and accounts receivable, net (notes 6(b)(o))	2,849,908	60	2,369,028	52	2,600,858	60	2170	Accounts payable	66,856	2	77,865	2	77,399	2
1180	Accounts receivable-related parties, net (notes 6(b)(o) and 7)	41,374	1	55,725	1	53,652	1	2219	Other payables (note 6(h))	977,064	21	1,221,262	27	927,286	22
1200	Other receivables	1,049	-	602	-	76	-	2220	Other payables-related parties (note 7)	565	-	21	-	28	-
1220	Current tax assets	899	-	1,703	-	6,895	-	2230	Current tax liabilities	43,111	1	55,469	1	25,604	1
1410	Prepayments	22,619	-	19,933	1	20,374	1	2399	Other current liabilities	59,805	1	48,962	1	42,771	1
1470	Other current assets (notes 6(f))	<u>22,058</u>	-	<u>17,418</u>	-	<u>12,368</u>	-	2280	Current lease liabilities (note 6(i))	10,939	-	23,867	1	28,366	1
<b>Total current assets</b>		<u>3,936,208</u>	<u>82</u>	<u>3,656,674</u>	<u>80</u>	<u>3,408,325</u>	<u>78</u>	2322	Long-term borrowings, current portion (notes 6(c)(g) and 8)	<u>-</u>	<u>-</u>	<u>8,814</u>	<u>-</u>	<u>8,852</u>	<u>-</u>
<b>Non-current assets:</b>								<b>Total current liabilities</b>		<u>1,262,948</u>	<u>27</u>	<u>1,610,187</u>	<u>36</u>	<u>1,494,755</u>	<u>35</u>
1600	Property, plant and equipment (notes 6(c) and 8)	749,710	16	782,090	17	795,993	19	<b>Non-Current liabilities:</b>							
1755	Right-of-use assets (note 6(d))	28,134	1	37,155	1	43,261	1	2540	Long-term loans (notes 6(c)(g) and 8)	-	-	47,594	1	50,539	1
1780	Intangible assets (note 6(e))	27,075	-	32,774	1	33,940	1	2570	Deferred tax liabilities	80,787	2	81,325	2	87,079	2
1840	Deferred tax assets	34,516	1	34,625	1	20,546	1	2580	Non-current lease liabilities (note 6(i))	13,385	-	9,128	-	10,999	-
1900	Other non-current assets (notes 6(f) and 8)	<u>11,467</u>	-	<u>18,440</u>	-	<u>18,767</u>	-	2640	Net defined benefit liability, non-current	13,318	-	12,789	-	15,809	-
<b>Total non-current assets</b>		850,902	18	905,084	20	912,507	22	2670	Other non-current liabilities	<u>2,208</u>	-	<u>2,355</u>	-	<u>2,245</u>	-
								<b>Total non-current liabilities</b>		<u>109,698</u>	<u>2</u>	<u>153,191</u>	<u>3</u>	<u>166,671</u>	<u>3</u>
								<b>Total liabilities</b>		<u>1,372,646</u>	<u>29</u>	<u>1,763,378</u>	<u>39</u>	<u>1,661,426</u>	<u>38</u>
								<b>Equity (notes 6(l)(n)):</b>							
								3100	Capital stock	728,277	15	671,523	15	671,523	16
								3200	Capital surplus	1,269,314	27	791,658	17	791,658	18
								3300	Retained earnings	1,533,959	32	1,449,437	32	1,283,966	30
								3400	Other equity	(79,952)	(2)	(77,104)	(2)	(50,607)	(1)
								3500	Treasury shares	<u>(37,134)</u>	<u>(1)</u>	<u>(37,134)</u>	<u>(1)</u>	<u>(37,134)</u>	<u>(1)</u>
								<b>Total equity</b>		<u>3,414,464</u>	<u>71</u>	<u>2,798,380</u>	<u>61</u>	<u>2,659,406</u>	<u>62</u>
<b>Total assets</b>		<u><u>\$ 4,787,110</u></u>	<u><u>100</u></u>	<u><u>4,561,758</u></u>	<u><u>100</u></u>	<u><u>4,320,832</u></u>	<u><u>100</u></u>	<b>Total liabilities and equity</b>		<u><u>\$ 4,787,110</u></u>	<u><u>100</u></u>	<u><u>4,561,758</u></u>	<u><u>100</u></u>	<u><u>4,320,832</u></u>	<u><u>100</u></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 Comprehensive Income**

**For the three months and nine months ended September 30, 2023 and 2022**

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

		For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue (notes 6(o) and 7)	\$ 2,220,500	100	2,078,248	100	\$ 6,402,555	100	5,856,798	100
5000	Cost of Sales (notes 6(c)(d)(e)(i)(j) and 12)	(1,764,354)	(79)	(1,629,157)	(78)	(5,117,309)	(80)	(4,597,507)	(78)
	Gross profit	456,146	21	449,091	22	1,285,246	20	1,259,291	22
	Operating expenses (notes 6(b)(c)(d)(e)(i)(j)(l)(n)(o)(p), 7 and 12)								
6100	Selling expenses	(59,920)	(3)	(55,219)	(3)	(177,319)	(3)	(156,416)	(3)
6200	Administrative expenses	(209,816)	(9)	(216,712)	(11)	(613,925)	(10)	(617,733)	(11)
6300	Research and development expenses	(11,556)	(1)	(13,092)	-	(34,164)	-	(28,798)	-
6450	Expected credit losses	(15,973)	(1)	(5,726)	-	(18,400)	-	(20,385)	-
	Total operating expenses	(297,265)	(14)	(290,749)	(14)	(843,808)	(13)	(823,332)	(14)
	Net operating income	158,881	7	158,342	8	441,438	7	435,959	8
	Non-operating income and expenses (notes 6(i)(q)):								
7100	Interest income	2,006	-	1,440	-	6,247	-	3,706	-
7010	Other income	13,918	1	2,283	-	24,411	-	9,535	-
7020	Other gains and losses	715	-	4,106	-	2,236	-	11,518	-
7050	Finance costs	(712)	-	(1,573)	-	(3,241)	-	(4,814)	-
	Total non-operating income and expenses	15,927	1	6,256	-	29,653	-	19,945	-
	Profit before tax	174,808	8	164,598	8	471,091	7	455,904	8
7950	Income tax expenses (note 6(k))	(12,270)	(1)	(19,854)	(1)	(53,227)	(1)	(65,352)	(1)
	Net profit	162,538	7	144,744	7	417,864	6	390,552	7
8300	Other comprehensive income (note 6(l)):								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	69,083	3	29,928	1	(2,848)	-	56,446	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	69,083	3	29,928	1	(2,848)	-	56,446	1
8300	Other comprehensive (loss) income	69,083	3	29,928	1	(2,848)	-	56,446	1
	Total comprehensive income	\$ 231,621	10	174,672	8	415,016	6	446,998	8
	Earnings per share (in dollars) (note 6(m))								
9750	Basic earnings per share	\$ 2.29		2.17		6.13		5.87	
9850	Diluted earnings per share	\$ 2.27		2.15		6.07		5.81	

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 nine months ended September 30, 2023 and 2022**

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

	Equity attributable to owners of parent						Other equity		
	Capital stock	Retained earnings							
	Common stock	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>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	-	-	-	-	390,552	390,552	-	-	390,552
Other comprehensive income	-	-	-	-	-	-	56,446	-	56,446
Total comprehensive income	-	-	-	-	390,552	390,552	56,446	-	446,998
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	17,688	-	-	-	-	-	-	20,000
<b>Balance at September 30, 2022</b>	<u><b>\$ 671,523</b></u>	<u><b>791,658</b></u>	<u><b>222,379</b></u>	<u><b>107,053</b></u>	<u><b>954,534</b></u>	<u><b>1,283,966</b></u>	<u><b>(50,607)</b></u>	<u><b>(37,134)</b></u>	<u><b>2,659,406</b></u>
<b>Balance at January 1, 2023</b>	<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	-	-	-	-	417,864	417,864	-	-	417,864
Other comprehensive income	-	-	-	-	-	-	(2,848)	-	(2,848)
Total comprehensive income	-	-	-	-	417,864	417,864	(2,848)	-	415,016
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	-	-	-	-
Issuance of ordinary shares for cash	55,000	448,410	-	-	-	-	-	-	503,410
Compensation cost of employee stock options	-	11,000	-	-	-	-	-	-	11,000
New share issued through employees' remuneration	1,754	18,246	-	-	-	-	-	-	20,000
<b>Balance at September 30, 2023</b>	<u><b>\$ 728,277</b></u>	<u><b>1,269,314</b></u>	<u><b>277,981</b></u>	<u><b>77,104</b></u>	<u><b>1,178,874</b></u>	<u><b>1,533,959</b></u>	<u><b>(79,952)</b></u>	<u><b>(37,134)</b></u>	<u><b>3,414,464</b></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 nine months ended September 30, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30	
	2023	2022
<b>Cash flows generated from (used in) operating activities:</b>		
Profit before tax	\$ 471,091	455,904
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	59,160	62,976
Amortization expense	6,469	9,920
Expected credit losses	18,400	20,385
Interest expense	3,241	4,814
Interest income	(6,247)	(3,706)
Compensation cost arising from share-based payments	11,000	3,487
Loss on disposal of property, plant and equipment	518	835
Gain on disposal of investments	-	(2,959)
Gain on lease modification	(79)	-
Concession on lease liabilities	-	(266)
<b>Total adjustments to reconcile profit</b>	<b>92,462</b>	<b>95,486</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Increase in current contract assets	(2,714)	(2,164)
Increase in notes and accounts receivable, net	(499,555)	(469,786)
Decrease (increase) in accounts receivable-related parties	14,351	(15,492)
Decrease in other receivables	562	2,151
Increase in prepayments	(2,730)	(2,655)
Decrease in other current assets	550	302
<b>Total changes in operating assets</b>	<b>(489,536)</b>	<b>(487,644)</b>
Changes in operating liabilities:		
Increase in contract liabilities	2,603	5,382
Decrease in accounts payable	(8,965)	(16,353)
Decrease in other payables	(202,149)	(120,327)
Increase (decrease) in other payables-related parties	544	(168)
Increase in other current liabilities	10,661	13,149
Increase in net defined benefit liability	529	636
<b>Total changes in operating liabilities</b>	<b>(196,777)</b>	<b>(117,681)</b>
<b>Net changes in operating assets and liabilities</b>	<b>(686,313)</b>	<b>(605,325)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(593,851)</b>	<b>(509,839)</b>
Cash used in operations	(122,760)	(53,935)
Interest received	6,194	3,706
Interest paid	(3,339)	(4,812)
Income taxes paid	(64,696)	(76,493)
<b>Net cash used in operating activities</b>	<b>(184,601)</b>	<b>(131,534)</b>
<b>Cash flows generated from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(8,361)	(15,487)
Proceeds from disposal of property, plant and equipment	311	491
Decrease in refundable deposits	1,889	3,704
Acquisition of intangible assets	(1,728)	(6,157)
Increase in other non-current assets	(311)	(468)
<b>Net cash used in investing activities</b>	<b>(8,200)</b>	<b>(17,917)</b>
<b>Cash flows generated from (used in) financing activities:</b>		
Increase in short-term loans	1,579,065	1,770,620
Repayments of short-term loans	(1,671,154)	(1,515,078)
Repayments of long-term loans	(56,709)	(6,338)
Repayments of the principal portion of lease liabilities	(20,028)	(21,746)
Payment of cash dividends	(333,342)	(304,773)
Issuance of ordinary shares for cash (net of issuance costs)	503,410	-
Treasury shares transferred to employees	-	35,972
<b>Net cash generated from (used in) financing activities</b>	<b>1,242</b>	<b>(41,343)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(5,042)</b>	<b>13,122</b>
<b>Net Decrease in cash and cash equivalents</b>	<b>(196,601)</b>	<b>(177,672)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,184,815</b>	<b>877,245</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 988,214</b>	<b>699,573</b>

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**

**September 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 nine months ended September 30, 2023 and 2022 were authorized for issue by the Board of Directors on November 7, 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”

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

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS endorsed by the FSC but not yet effective.

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

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



# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative information”
- IAS 21 “Lack of Exchangeability ”

### (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
				2023.09.30	2022.12.31	2022.09.30	
The Company	Wistron Information Technology and Services Inc. (WIBI)	Professional investment enterprise	B.V.I	100.00%	100.00%	100.00%	
	Wistron Information Technology and Services Limited (WIHK)	Research, develop, design of software, and IT consulting service	Hong Kong	100.00%	100.00%	100.00%	
	Wistron Information Technology and Services (Japan) Inc. (WIJP)	"	Japan	100.00%	100.00%	100.00%	
	WITS AMERICA, CORP. (WIUS)	"	America	100.00%	100.00%	100.00%	
	WITS Taiwan, Inc. (WISS)	"	Taiwan	100.00%	100.00%	100.00%	
	Wistron ITS (Hong Kong) Limited (WIHH)	Professional investment enterprise	Hong Kong	100.00%	100.00%	100.00%	

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Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership			Note
				2023.09.30	2022.12.31	2022.09.30	
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%	
	Beijing Enovation Technology Co. Ltd. (WIYC)	"	China	100.00%	100.00%	100.00%	
WIBJ	Wistron ITS (Wuhan) Co. (WIWZ)	"	China	100.00%	100.00%	100.00%	
	Wistron ITS (Hangzhou) Ltd.(WIHZ)	"	China	100.00%	100.00%	100.00%	
WIWZ	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

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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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 422	349	455
Demand and checking deposits	825,998	1,021,014	699,118
Time deposits	161,794	163,452	-
Cash and cash equivalents in the consolidated statement of cash flows	<u><b>\$ 988,214</b></u>	<u><b>1,184,815</b></u>	<u><b>699,573</b></u>

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 80,716	54,501	59,704
Accounts receivable	2,799,865	2,340,184	2,589,657
Accounts receivable-related parties	41,374	55,725	53,652
Less: Loss allowance	(30,673)	(25,657)	(48,503)
	<u><b>\$ 2,891,282</b></u>	<u><b>2,424,753</b></u>	<u><b>2,654,510</b></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:

<b>September 30, 2023</b>			
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not overdue	\$ 2,201,447	0%~1.376%	1,758
Overdue within 30 days	360,003	0%~5.978%	2,459
Overdue 31~60 days	102,628	0%~20%	983
Overdue 61~120 days	172,529	0%~23.289%	2,351
Overdue 121~180 days	45,930	0%~40.218%	1,800
Overdue 181~365 days	31,209	0%~68.962%	13,113
Overdue more than 365 days	8,209	100%	8,209
	<b><u>\$ 2,921,955</u></b>		<b><u>30,673</u></b>
<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 31~60 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	1,755	100%	1,755
	<b><u>\$ 2,450,410</u></b>		<b><u>25,657</u></b>
<b>September 30, 2022</b>			
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not overdue	\$ 2,095,308	0%~2.715%	4,818
Overdue within 30 days	291,550	0%~100%	15,845
Overdue 31~60 days	55,096	0%~15.199%	1,279
Overdue 61~120 days	189,634	0%~26.583%	8,680
Overdue 121~180 days	26,844	0%~40.953%	5,688
Overdue 181~365 days	42,801	0%~85.481%	10,413
Overdue more than 365 days	1,780	100%	1,780
	<b><u>\$ 2,703,013</u></b>		<b><u>48,503</u></b>

# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

	For the nine-month periods ended September 30	
	2023	2022
Balance as of January 1	\$ 25,657	27,142
Impairment losses recognized	18,318	20,320
Amounts written off	(13,332)	-
Effect of changes in foreign exchange rate	30	1,041
Balance as of September 30	<u>\$ 30,673</u>	<u>48,503</u>

As of September 30, 2023, December 31 and September 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
<b>Cost :</b>								
Balance as of January 1, 2023	\$ 190,856	574,936	134,357	4,012	50,503	37,036	-	991,700
Additions	-	-	5,402	-	574	2,385	-	8,361
Disposals	-	-	(11,223)	-	(429)	(1,638)	-	(13,290)
Effect of changes in foreign exchange rates	-	64	(99)	1	(95)	(141)	-	(270)
Balance as of September 30, 2023	<u>\$ 190,856</u>	<u>575,000</u>	<u>128,437</u>	<u>4,013</u>	<u>50,553</u>	<u>37,642</u>	<u>-</u>	<u>986,501</u>
Balance as of January 1, 2022	\$ 190,856	570,798	120,576	3,947	49,159	39,216	779	975,331
Additions	-	-	15,078	-	409	-	-	15,487
Reclassification	-	-	-	-	795	-	(795)	-
Disposals	-	-	(5,696)	-	(667)	(2,983)	-	(9,346)
Effect of changes in foreign exchange rates	-	7,763	2,128	122	1,064	1,015	16	12,108
Balance as of September 30, 2022	<u>\$ 190,856</u>	<u>578,561</u>	<u>132,086</u>	<u>4,069</u>	<u>50,760</u>	<u>37,248</u>	<u>-</u>	<u>993,580</u>
<b>Accumulated depreciation :</b>								
Balance as of January 1, 2023	\$ -	62,387	91,518	1,404	29,698	24,603	-	209,610
Depreciation	-	13,833	14,663	599	6,322	3,315	-	38,732
Disposals	-	-	(9,951)	-	(353)	(1,208)	-	(11,512)
Effect of changes in foreign exchange rates	-	36	16	3	(53)	(41)	-	(39)
Balance as of September 30, 2023	<u>\$ -</u>	<u>76,256</u>	<u>96,246</u>	<u>2,006</u>	<u>35,614</u>	<u>26,669</u>	<u>-</u>	<u>236,791</u>
Balance as of January 1, 2022	\$ -	43,573	73,817	592	21,332	22,164	-	161,478
Depreciation	-	13,887	16,850	604	6,398	3,175	-	40,914
Disposals	-	-	(5,203)	-	(367)	(2,450)	-	(8,020)
Effect of changes in foreign exchange rates	-	689	1,271	25	437	793	-	3,215
Balance as of September 30, 2022	<u>\$ -</u>	<u>58,149</u>	<u>86,735</u>	<u>1,221</u>	<u>27,800</u>	<u>23,682</u>	<u>-</u>	<u>197,587</u>

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	Land	Buildings and structures	Computers and other equipment	Transportation equipment	Office equipment	Lease improvements	Construction in progress and testing equipment	Total
Carrying value :								
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 September 30, 2023	<u>\$ 190,856</u>	<u>498,744</u>	<u>32,191</u>	<u>2,007</u>	<u>14,939</u>	<u>10,973</u>	<u>-</u>	<u>749,710</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 September 30, 2022	<u>\$ 190,856</u>	<u>520,412</u>	<u>45,351</u>	<u>2,848</u>	<u>22,960</u>	<u>13,566</u>	<u>-</u>	<u>795,993</u>

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

	Buildings and structures	Transportation equipment	Office equipment	Total
<b>Cost:</b>				
Balance as of January 1, 2023	\$ 86,650	1,355	-	88,005
Additions	23,288	-	548	23,836
Disposals	(37,142)	-	-	(37,142)
Effect of changes in foreign exchange rates	(743)	-	(3)	(746)
Balance as of September 30, 2023	<u>\$ 72,053</u>	<u>1,355</u>	<u>545</u>	<u>73,953</u>
Balance as of January 1, 2022	\$ 88,614	1,323	-	89,937
Additions	5,429	1,355	-	6,784
Disposals	(9,393)	(1,323)	-	(10,716)
Effect of changes in foreign exchange rates	1,144	-	-	1,144
Balance as of September 30, 2022	<u>\$ 85,794</u>	<u>1,355</u>	<u>-</u>	<u>87,149</u>
<b>Accumulated depreciation:</b>				
Balance as of January 1, 2023	\$ 50,699	151	-	50,850
Depreciation	20,013	338	77	20,428
Disposals	(24,937)	-	-	(24,937)
Effect of changes in foreign exchange rates	(523)	-	1	(522)
Balance as of September 30, 2023	<u>\$ 45,252</u>	<u>489</u>	<u>78</u>	<u>45,819</u>
Balance as of January 1, 2022	\$ 31,168	1,029	-	32,197
Depreciation	21,730	332	-	22,062
Disposals	(9,317)	(1,323)	-	(10,640)
Effect of changes in foreign exchange rates	269	-	-	269
Balance as of September 30, 2022	<u>\$ 43,850</u>	<u>38</u>	<u>-</u>	<u>43,888</u>

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	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</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 September 30, 2023	<u>\$ 26,801</u>	<u>866</u>	<u>467</u>	<u>28,134</u>
Balance as of January 1, 2022	<u>\$ 57,446</u>	<u>294</u>	<u>-</u>	<u>57,740</u>
Balance as of September 30, 2022	<u>\$ 41,944</u>	<u>1,317</u>	<u>-</u>	<u>43,261</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
Additions	1,728	-	1,728
Effect of changes in foreign exchange rates	(24)	(1,010)	(1,034)
Balance as of September 30, 2023	<u>\$ 62,789</u>	<u>15,158</u>	<u>77,947</u>
Balance as of January 1, 2022	\$ 72,387	16,889	89,276
Additions	6,157	-	6,157
Disposals	(18,943)	-	(18,943)
Effect of changes in foreign exchange rates	606	(1,478)	(872)
Balance as of September 30, 2022	<u>\$ 60,207</u>	<u>15,411</u>	<u>75,618</u>
<b>Accumulated amortization:</b>			
Balance as of January 1, 2023	\$ 44,479	-	44,479
Amortization	6,469	-	6,469
Effect of changes in foreign exchange rates	(76)	-	(76)
Balance as of September 30, 2023	<u>\$ 50,872</u>	<u>-</u>	<u>50,872</u>
Balance as of January 1, 2022	\$ 50,361	-	50,361
Amortization	9,920	-	9,920
Disposals	(18,943)	-	(18,943)
Effect of changes in foreign exchange rates	340	-	340
Balance as of September 30, 2022	<u>\$ 41,678</u>	<u>-</u>	<u>41,678</u>
<b>Carrying value:</b>			
Balance as of January 1, 2023	<u>\$ 16,606</u>	<u>16,168</u>	<u>32,774</u>
Balance as of September 30, 2023	<u>\$ 11,917</u>	<u>15,158</u>	<u>27,075</u>
Balance as of January 1, 2022	<u>\$ 22,026</u>	<u>16,889</u>	<u>38,915</u>
Balance as of September 30, 2022	<u>\$ 18,529</u>	<u>15,411</u>	<u>33,940</u>

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

(i) Other current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	\$ 20,989	15,810	11,006
Temporary payment	1,064	1,608	1,362
Income tax refund receivable	5	-	-
	<u><u>\$ 22,058</u></u>	<u><u>17,418</u></u>	<u><u>12,368</u></u>

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

(ii) Other non-current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	\$ 11,157	18,440	18,187
Prepayment for equipment	310	-	580
	<u><u>\$ 11,467</u></u>	<u><u>18,440</u></u>	<u><u>18,767</u></u>

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

(g) Bank loans

(i) Short-term loans

September 30, 2023				
	Currency	Interest rate collar	Expiration year	Amount
Unsecured bank loans	RMB	2.85%	2023	<u><u>\$ 66,316</u></u>
Unused bank credit lines				<u><u>\$ 1,905,774</u></u>
December 31, 2022				
	Currency	Interest rate collar	Expiration year	Amount
Unsecured bank loans	NTD	1.725%	2023	\$ 150,000
Unsecured bank loans	JPY	0.80%	2023	8,075
Total				<u><u>\$ 158,075</u></u>
Unused bank credit lines				<u><u>\$ 1,796,727</u></u>



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<b>September 30, 2022</b>				
	<b>Currency</b>	<b>Interest rate collar</b>	<b>Expiration year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.46%~1.50%	2022	\$ 230,000
Unsecured bank loans	RMB	3.00%	2022	134,484
Total				<b><u>\$ 364,484</u></b>
Unused bank credit lines				<b><u>\$ 1,338,661</u></b>

(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	(1,994)		(8,814)
	<b><u>\$ 10,768</u></b>		<b><u>47,594</u></b>
Unused bank credit lines	<u>\$ -</u>		<u>-</u>
Range of interest rates			<b><u>3.90%</u></b>

<b>September 30, 2022</b>			
	<b>CNY (thousand)</b>	<b>Expiration</b>	<b>Amount</b>
Secured bank loans	\$ 13,249	2022.11~2028.10	59,391
Less: current portion	(1,975)		(8,852)
	<b><u>\$ 11,274</u></b>		<b><u>50,539</u></b>
Unused bank credit lines	<u>\$ -</u>		<u>-</u>
Range of interest rates			<b><u>3.90%</u></b>

There were no long-term loans on September 30, 2023.

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

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(h) Other payables

The carrying amounts of lease liabilities were as follow:

	September 30, 2023	December 31, 2022	September 30, 2022
Wages and salaries payable	\$ 609,867	810,853	571,423
Remuneration payable to employees and directors	111,688	107,254	79,815
Tax Payable	25,817	51,309	40,966
Others	249,692	251,846	235,082
	<u><u>\$ 997,064</u></u>	<u><u>1,221,262</u></u>	<u><u>927,286</u></u>

(i) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u><u>\$ 10,939</u></u>	<u><u>23,867</u></u>	<u><u>28,366</u></u>
Non-current	<u><u>\$ 13,385</u></u>	<u><u>9,128</u></u>	<u><u>10,999</u></u>

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

The amount recognized in profit or loss were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Interest expenses on lease liabilities	<u><u>\$ 176</u></u>	<u><u>389</u></u>	<u><u>674</u></u>	<u><u>1,345</u></u>
Expenses relating to short-term leases	<u><u>\$ 2,008</u></u>	<u><u>2,436</u></u>	<u><u>6,442</u></u>	<u><u>7,657</u></u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u><u>\$ 2,270</u></u>	<u><u>2,712</u></u>	<u><u>7,865</u></u>	<u><u>8,867</u></u>
COVID-19 related rental concessions (recognized as deduction of rent expense)	<u><u>\$ -</u></u>	<u><u>(266)</u></u>	<u><u>-</u></u>	<u><u>(266)</u></u>

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## Notes to the Consolidated Financial Statements

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

	For the nine-month periods ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 35,009</u>	<u>39,615</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.

(j) 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 September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Cost of sales	\$ 284	166	875	501
Selling expenses	87	30	205	85
Administration expenses	188	130	596	394
	<u>\$ 559</u>	<u>326</u>	<u>1,676</u>	<u>980</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 September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Cost of sales	\$ 96,381	81,094	267,175	228,962
Selling expenses	3,611	3,249	10,664	9,180
Administration expenses	5,863	6,061	17,556	19,068
Research and development expenses	543	600	1,601	1,370
	<u>\$ 106,398</u>	<u>91,004</u>	<u>296,996</u>	<u>258,580</u>

### (k) Income tax

#### (i) Income tax expense

The components of income tax expense were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Current tax expense	<u>\$ 12,270</u>	<u>19,854</u>	<u>53,227</u>	<u>65,352</u>

(ii) There is no income tax recognized directly in equity or other comprehensive income for the three-month periods and nine-month periods ended September 30, 2023 and 2022.

#### (iii) Income tax assessment

- The Company's corporate income tax returns for the year through 2021 were assessed by the local tax authorities.
- The Company's domestic subsidiary—WITS Taiwan, Inc.'s corporate income tax returns for the year through 2021 were assessed by the local tax authorities.

### (l) 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 September 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 September 30, 2023, December 31, and September 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 72,828 thousand shares, 67,152 thousand shares and 67,152 thousand shares, respectively, were issued. And the actual share capital amounts were \$728,277, \$671,523

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## Notes to the Consolidated Financial Statements

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 approved by the Financial Supervisory Commission. The date of capital increase was resolved to be August 10, 2023, by the Board of Directors. The relevant registration procedures had been completed.

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(n). The total amount raised this time is \$503,410(net of issuance costs \$2,590). The base date of cash capital increase was July 25, 2023. The relevant registration procedures had been completed.

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 August 9, 2022. The relevant registration procedures had been completed.

Reconciliations of shares issued for the nine-month periods ended September 30, 2023 and 2022 were as follows:

	Common stock (in thousands)	
	2023	2022
Balance as of January 1	67,152	66,921
New share issued through employees' profit sharing bonus	176	231
Issuance of ordinary shares for cash	5,500	-
Balance as of September 30	<u>72,828</u>	<u>67,152</u>

### (ii) Capital surplus

The details of capital surplus at the reporting date were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
A premium issuance of common shares for cash	\$ 1,242,991	765,335	765,335
Transaction of treasury shares	26,297	26,297	26,927
Earnings from donated assets received	26	26	26
	<u>\$ 1,269,314</u>	<u>\$ 791,658</u>	<u>791,658</u>

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

On March 6, 2023 and March 9, 2022, the Company's Board of Directors meeting approved a resolution to distribute employees' profit sharing bonus consisting of 176 thousand shares and 231 thousand shares. The amount of stock premium was \$18,246 and \$17,688, respectively.

On May 9, 2023, the Company's Board of Directors meeting approved to issue 5,500 thousand shares, with a premium issuance of common shares for cash \$448,410. The portion reserved for subscription by employees has been recognized as salary expenses of \$11,000 based on the fair value of the stock options. At the same time, it has been recorded as capital surplus - employee stock options, and has been transferred to capital surplus - a premium issuance of common shares for cash after the cash capital increase is completed.

(iii) 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:

	<u>2022</u>	<u>2021</u>
Cash dividends	<u>\$ 333,342</u>	<u>304,773</u>
(iv) 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 September 30, 2023, December 31, and September 30, 2022. In addition, the

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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.
- (v) Other equity interest, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>
Balance as of January 1, 2023	\$ (77,104)
Foreign currency translation differences	(2,848)
Balance as of September 30, 2023	<b><u>\$ (79,952)</u></b>
Balance as of January 1, 2022	\$ (107,053)
Foreign currency translation differences	56,446
Balance as of September 30, 2022	<b><u>\$ (50,607)</u></b>

- (m) Earnings per share (“EPS”)

- (i) Basic earnings per share

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net profit belonging to common shareholders	<b><u>\$ 162,538</u></b>	<b><u>144,744</u></b>	<b><u>417,864</u></b>	<b><u>390,552</u></b>
Weighted average common stock outstanding (in thousands shares)	<b><u>70,909</u></b>	<b><u>66,668</u></b>	<b><u>68,172</u></b>	<b><u>66,495</u></b>
Basic earnings per share (in dollars)	<b><u>\$ 2.29</u></b>	<b><u>2.17</u></b>	<b><u>6.13</u></b>	<b><u>5.87</u></b>

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(ii) Diluted earnings per share

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net profit belonging to common shareholders	<u><b>\$ 162,538</b></u>	<u><b>144,744</b></u>	<u><b>417,864</b></u>	<u><b>390,552</b></u>
Weighted average common stock outstanding (in thousands shares)	70,909	66,668	68,172	66,495
Effect of potentially dilutive common stock (in thousands shares)				
Employees' remuneration	545	613	688	733
Employees' remuneration of subsidiary company	<u>-</u>	<u>-</u>	<u>31</u>	<u>43</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u><b>71,454</b></u>	<u><b>67,281</b></u>	<u><b>68,891</b></u>	<u><b>67,271</b></u>
Diluted earnings per share (in dollars)	<u><b>\$ 2.27</b></u>	<u><b>2.15</b></u>	<u><b>6.07</b></u>	<u><b>5.81</b></u>

(n) 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 nine-month period ending on September 30, 2023.

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

	<u><b>Cash injection reserved for employees</b></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 September 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 nine-month periods ended September 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			
(o) Revenue from contracts with customers					
(i) Disaggregation of revenue					
		For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2023	2022	2023	2022
Primary geographical markets:					
China	\$	1,527,806	1,386,094	4,345,010	3,927,770
Taiwan		373,269	354,661	1,112,305	987,429
Japan		189,109	175,630	561,707	518,034
Other		130,316	161,863	383,533	423,565
	\$	<u>2,220,500</u>	<u>2,078,248</u>	<u>6,402,555</u>	<u>5,856,798</u>
Major products:					
IT service revenue	\$	<u>2,200,500</u>	<u>2,078,248</u>	<u>6,402,555</u>	<u>5,856,798</u>
(ii) Balance of contracts					
		September 30, 2023	December 31, 2022	September 30, 2022	
Notes and accounts receivable (including related parties)	\$	2,921,955	2,450,410	2,703,013	
Less: loss allowance		(30,673)	(25,657)	(48,503)	
	\$	<u>2,891,282</u>	<u>2,424,753</u>	<u>2,654,510</u>	
Contract assets	\$	10,399	7,680	14,978	
Less: loss allowance		(312)	(230)	(449)	
	\$	<u>10,087</u>	<u>7,450</u>	<u>14,529</u>	

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

	<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance as of January 1	\$ 230	377
Impairment losses recognized	82	65
Effect of changes in foreign exchange rate	-	7
Balance as of September 30	<b><u>\$ 312</u></b>	<b><u>449</u></b>

  

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Contract liabilities	<b><u>\$ 18,292</u></b>	<b><u>15,852</u></b>	<b><u>19,965</u></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 nine months ended September 30, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the year was \$10,517 and \$12,454, 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.

(p) 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 September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Employee's remuneration	\$ 23,820	17,730	64,090	49,010
Directors' remuneration	1,500	3,540	7,100	9,790
	<b><u>\$ 25,320</u></b>	<b><u>21,270</u></b>	<b><u>71,190</u></b>	<b><u>58,800</u></b>

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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.

(q) Non-operating income and expenses

(i) Interest income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Interest income	<u>\$ 2,006</u>	<u>1,440</u>	<u>6,247</u>	<u>3,706</u>

(ii) Other income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Government grants	<u>\$ 13,918</u>	<u>2,283</u>	<u>24,411</u>	<u>9,535</u>

(iii) Other gains and losses

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Foreign exchange gains, net	\$ 2,213	4,270	4,785	7,500
Gains (losses) on disposals of property, plant and equipment, net	16	(100)	(518)	(835)
Gains on reversal of bad debts	7	-	7	-
Gains on disposal of investment	-	-	-	2,959
Gains on lease modification	-	-	79	-
Others	<u>(1,521)</u>	<u>(64)</u>	<u>(2,117)</u>	<u>1,894</u>
	<u>\$ 715</u>	<u>4,106</u>	<u>2,236</u>	<u>11,518</u>

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(iv) Finance costs

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest expense	<u>\$ (712)</u>	<u>(1,573)</u>	<u>(3,241)</u>	<u>(4,814)</u>

(r) 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(o).

(ii) Liquidity risk

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>Over 2 years</b>
<b>As of September 30, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 66,316	66,458	66,458	-	-
Accounts payable	66,856	66,856	66,856	-	-
Other payables (including related parties)	997,629	997,629	997,629	-	-
Lease liabilities (current and non-current)	24,324	25,272	11,484	9,429	4,359
	<u>\$ 1,155,125</u>	<u>1,156,215</u>	<u>1,142,427</u>	<u>9,429</u>	<u>4,359</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>

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## Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
<b>As of September 30, 2022</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 364,484	365,393	365,393	-	-
Accounts payable	77,399	77,399	77,399	-	-
Other payables (including related parties)	927,314	927,314	927,314	-	-
Lease liabilities (current and non-current)	39,365	41,832	30,202	9,640	1,990
Long-term loans (including current portion)	59,391	66,857	11,036	11,035	44,786
	<u>\$ 1,467,953</u>	<u>1,478,795</u>	<u>1,411,344</u>	<u>20,675</u>	<u>46,776</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:

September 30, 2023						December 31, 2022					
Foreign currency		Exchange rate		NTD		Foreign currency		Exchange rate		NTD	
Financial assets											
Monetary items											
USD	\$	462	USD/NTD	32.268	14,901	450	USD/NTD	30.708		13,805	
USD		2,855	USD /HKD	7.8256	92,139	2,922	USD /HKD	7.7975		89,723	
CNY		1,978	CNY/HKD	1.0722	8,747	5,019	CNY/HKD	1.1223		22,185	
JPY		43,034	JPY/HKD	0.0525	9,307	36,160	JPY/HKD	0.0586		8,343	
JPY		7,140	JPY/CNY	0.0489	1,544	9,060	JPY/CNY	0.0522		2,090	
Financial Liabilities											
Monetary items											
USD		239	USD/HKD	7.8256	7,711	254	USD /HKD	7.7975		7,800	
CNY		3,643	CNY/HKD	1.0722	16,107	6,000	CNY/HKD	1.1223		26,520	
JPY						35,979	JPY/HKD	0.0586		8,301	
September 30, 2022											
Foreign currency		Exchange rate		NTD							
Financial assets											
Monetary items											
USD	\$	208	USD/NTD	31.743	6,602						
USD		2,525	USD/HKD	7.8498	80,152						
CNY		2,263	CNY/HKD	1.1086	10,143						
JPY		37,632	JPY/HKD	0.0544	8,277						
JPY		9,530	JPY/CNY	0.0491	2,096						
Financial Liabilities											
Monetary items											
USD		30	USD/HKD	7.8498	966						
CNY		6,858	CNY/HKD	1.1086	30,742						

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## Notes to the Consolidated Financial Statements

### 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 nine-month period ended September 30, 2023 and 2022 would have increased (decreased) the net profit after tax by \$5,104 and \$3,720, 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 nine-month periods ended September 30, 2023 and 2022, foreign exchange gain, including realized and unrealized portions, amounted to \$2,213, \$4,270, \$4,785 and \$7,500, 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 liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the 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 \$497 and \$445 for the nine-month period ended September 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.

### (s) 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.

### (t) 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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## Notes to the Consolidated Financial Statements

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

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

	Cash flows			Non-cash changes		
	January 1, 2023	Proceeds from loans	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	September 30, 2023
Short-term loans	\$ 158,075	1,579,065	(1,671,154)	-	330	66,316
Long-term loans (including current portion)	56,408	-	(56,709)	-	301	-
Lease liabilities (current and non-current)	32,995	-	(20,028)	11,552	(195)	24,324
	<u>\$ 247,478</u>	<u>1,579,065</u>	<u>(1,747,891)</u>	<u>11,552</u>	<u>436</u>	<u>90,640</u>
	Cash flows			Non-cash changes		
	January 1, 2022	Proceeds from loans	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	September 30, 2022
Short-term loans	\$ 107,230	1,770,620	(1,515,078)	-	1,712	364,484
Long-term loans (including current portion)	63,817	-	(6,338)	-	1,912	59,391
Lease liabilities (current and non-current)	53,870	-	(21,746)	6,442	799	39,365
	<u>\$ 224,917</u>	<u>1,770,620</u>	<u>(1,543,162)</u>	<u>6,442</u>	<u>4,423</u>	<u>463,240</u>

## (7) Related party transactions

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wistron Corporation (Wistron)	The entity with significant influence over the Group
Wistron Digital Technology Holding Company(WDH)	The corporate director of the Company
Wiwynn Corporation (Wiwynn)	Other related parties
Winynn Technology Service Kun Shan, Ltd. (WYKS)	Other related parties
WiAdance Technology Corporation (AGI)	Other related parties
Wistron NeWeb Corporation (WNC)	Other related parties
Weidu Corporation (WETW)	Other related parties
SMS (Kunshan) Co., Ltd (WMKS)	Other related parties
Wistron Medical Technology Corporation (WMT)	Other related parties

# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (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:

	Revenue				Accounts receivable -related parties		
	For the three-month periods ended September 30		For the nine-month periods ended September 30		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Entities with significant influence over the Group	\$ 57,315	81,954	214,820	213,251	37,419	52,690	50,912
Other related parties	6,818	3,109	15,771	8,659	3,955	3,035	2,740
Total	<u>\$ 64,133</u>	<u>85,063</u>	<u>230,591</u>	<u>221,910</u>	<u>41,374</u>	<u>55,725</u>	<u>53,652</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 nine-month periods ended September 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 September 30, 2023, December 31, and September 30, 2022.

For the nine-month periods ended September 30, 2023 and 2022, the entity with significant influence over the Group provided management, system and miscellaneous services to the Group at the amounts of \$343 and \$126, resulting in other payables from the above transactions to be \$247, \$21 and \$0, respectively at the end of September 30, 2023, December 31, and September 30, 2022.

The outstanding balance of receipts under custody (shown as other payables-related parties) to other related parties was at the amount of \$318 at the end of September 30, 2023.

For the nine-month period ended September 30, 2022, the Group purchased intangible assets from other related parties amounting to \$44. As of September 30, 2022, the balance of other accounts payable from the above transaction was \$28.

The balance of contract assets to other related parties was at the amount of \$327 at the end of September 30, 2023.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable — related parties:			
Accounts receivable	<u>\$ 41,374</u>	<u>55,725</u>	<u>53,652</u>
Accounts payable — related parties:			
Other payables	<u>\$ 565</u>	<u>21</u>	<u>28</u>



# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 20,982	22,511	57,633	57,426
Post-employment benefits	317	341	988	980
	<u>\$ 21,299</u>	<u>22,852</u>	<u>58,621</u>	<u>58,406</u>

### (8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits — other non-current assets	Performance guarantee and warranty	\$ 578	578	578
Property, plant and equipment	Long-term loans (including current portions)	-	226,068	231,436
		<u>\$ 578</u>	<u>226,646</u>	<u>232,014</u>

### (9) Significant commitments and contingencies: None

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

### (11) Subsequent events:

On November 7, 2023, the company's Board of Directors approved that WIBJ participate in the capital increase raised by its subsidiary, WIWZ, amounting to CNY 60,000 thousand. After the capital increase, the paid in capital increased from CNY 388,000 thousand to CNY 448,000 thousand.

# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (12) Other

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

By function By item	For the three-month periods ended, September 30, 2023			For the three-month periods ended, September 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,382,083	191,832	1,573,915	1,267,188	193,066	1,460,254
Labor and health insurance	80,155	9,756	89,911	68,302	10,022	78,324
Pension	96,665	10,292	106,957	81,260	10,070	91,330
Others	17,267	3,397	20,664	16,686	2,993	19,679
Depreciation	2,178	16,758	18,936	2,625	18,449	21,074
Amortization	66	1,862	1,928	81	3,432	3,513

By function By item	For the nine-month periods ended, September 30, 2023			For the nine-month periods ended, September 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	4,025,362	562,905	4,588,267	3,596,666	547,834	4,144,500
Labor and health insurance	225,053	31,116	256,169	192,709	29,418	222,127
Pension	268,050	30,622	298,672	229,463	30,097	259,560
Others	46,266	10,152	56,418	37,493	10,002	47,495
Depreciation	7,065	52,095	59,160	7,966	55,010	62,976
Amortization	272	6,197	6,469	164	9,756	9,920

### (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 nine-month period ended September 30, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 1.

# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

### (14) Segment information

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

# WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### Guarantees and endorsements for other parties

September 30, 2023

Table 1

No.	Endorsement/ 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	1,707,232	702,035	702,035	-	-	20.56%	3,414,464	Y	N	Y	-
0	The Company	WIBJ	2	1,707,232	88,992	88,422	-	-	2.59%	3,414,464	Y	N	Y	-
0	The Company	WIUS	2	1,707,232	64,536	64,536	-	-	1.89%	3,414,464	Y	N	N	-
0	The Company	WIHK	2	1,707,232	129,072	129,072	-	-	3.78%	3,414,464	Y	N	N	-
0	The Company	WISS	2	1,707,232	160,000	160,000	9,523	-	4.69%	3,414,464	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

September 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	(327,259)	(7.46)%	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	-	-%	(Note)
WIWZ	WIHK	Subsidiary - subsidiary company	Sales	(238,502)	(5.44)%	"	"	"	16,107	0.82%	"
WIDL	WIWZ	Parent - subsidiary company	Sales	(653,510)	(75.86)%	"	"	"	14,662	7.89%	"
WIBJ	WIWZ	Parent - subsidiary company	Purchases	327,259	85.03%	"	"	"	-	-%	"
WIHK	WIWZ	Subsidiary - subsidiary company	Purchases	238,502	86.39%	"	"	"	(16,107)	(73.61)%	"
WIWZ	WIDL	Parent - subsidiary company	Purchases	653,510	90.96%	"	"	"	(14,662)	(65.99)%	"

(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**

**September 30, 2023**

Table 3

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	28,594	Not significantly different from the transactions of the third-parties	0.45%
1	WISS	The Company	2	"	1,848	"	0.03%
2	WIJP	WIHK	3	"	2,347	"	0.04%
3	WIHK	WIJP	3	"	64,705	"	1.01%
3	WIHK	WIUS	3	"	99,914	"	1.56%
4	WIBJ	WIWZ	3	"	47,465	"	0.74%
5	WIYC	WIWZ	3	"	12,228	"	0.19%
6	WIWZ	WIBJ	3	"	327,259	"	5.11%
6	WIWZ	WIHK	3	"	238,502	"	3.73%
7	WIHZ	WIWZ	3	"	2,042	"	0.03%
8	WIDL	WIBJ	3	"	57,153	"	0.89%
8	WIDL	WIWZ	3	"	653,510	"	10.21%
0	The Company	WIHK	1	Accounts receivable-related parties	4,451	Not significantly different from the transactions of the third-parties	0.09%
1	WISS	The Company	2	"	4	"	-%
2	WIJP	WIHK	3	"	285	"	0.01%

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

**Notes to the Consolidated Financial Statements**

**Business relationships and significant intercompany transactions**

**September 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	Accounts receivable-related parties	7,793	Not significantly different from the transactions of the third-parties	0.16%
3	WIHK	WIUS	3	"	20,890	"	0.44%
4	WIBJ	WIWZ	3	"	5,351	"	0.11%
5	WIYC	WIWZ	3	"	1,448	"	0.03%
6	WIWZ	WIHK	3	"	16,107	"	0.34%
7	WIHZ	WIWZ	3	"	285	"	0.01%
8	WIDL	WIBJ	3	"	26,589	"	0.56%
8	WIDL	WIWZ	3	"	14,662	"	0.31%

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)

September 30, 2023

Table 4

Name of investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (losses) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	WIBI	B.V.I	Professional investment enterprise	294,184	294,184	180,000,000	100.00%	2,495,248	255,120	255,120	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00%	149,738	13,109	13,109	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00%	70,130	1,895	1,895	"
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00%	35,678	2,414	2,414	"
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00%	4,294	(837)	(837)	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00%	2,495,104	255,193	255,193	"

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

September 30, 2023

Table 5

#### 1. Information on Investment in Mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Notes 2 & 8)	Carrying amount as of September 30, 2023 (Note 2 & 8)	Accumulated inward remittance of earnings as of September 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	255,184 (Note 3)	100.00%	255,184 (Note 3)	2,492,168	-	(Note 7 and 8)
WIWZ	Research, develop, design of software, and information consulting service	667,314	(Note 1)2.	-	-	-	-	255,473 (Note 3)	100.00%	255,473 (Note 3)	1,282,570	-	(Note 8)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	366 (Note 3)	100.00%	366 (Note 3)	18,859	-	(Note 8)
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	80 (Note 3)	100.00%	80 (Note 3)	304	-	(Note 8)
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	93,908 (Note 3)	100.00%	93,908 (Note 3)	117,349	-	(Note 8)

#### 2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
230,115 (USD 7,131,356 )	1,886,431 (USD 58,461,356 )	2,048,678

(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 September 30, 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****September 30, 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 September 30, 2023, which was USD: NTD = 1: 32.268.

(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 September 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 nine-month period ended September 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**

**September 30, 2023**

Table 6

Shareholder's Name	Shareholding	
	Shares	Percentage
Wistron Digital Technology Holding Company	16,756,254	23.00%