

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Strands on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance for the three months ended March 31, 2024 and 2023 and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 Chia-Chien Tang and Yun-Chu Yang.

KPMG

Taipei, Taiwan (The Republic of China)
May 9, 2024

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

March 31, 2024, December 31 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 992,089	18	1,376,164	26	823,624	19	2100	Short-term borrowings (note 6(g))	\$ 177,236	3	2,000	-	150,000	3
1140	Current contract assets (note 6(o) and 7)	7,164	-	9,988	-	6,513	-	2130	Current contract liabilities (notes 6(o))	19,586	-	19,572	-	22,759	1
1170	Notes and accounts receivable, net (notes 6(b)(o))	3,417,380	63	2,856,586	54	2,550,460	58	2170	Accounts payable	64,380	1	70,346	2	68,139	2
1180	Accounts receivable-related parties, net (notes 6(b)(o) and 7)	33,425	1	36,969	1	51,508	1	2219	Other payables (note 6(h)(p))	1,099,341	21	1,318,062	25	960,400	22
1200	Other receivables	204	-	375	-	249	-	2220	Other payables-related parties (note 7)	-	-	1,538	-	34	-
1210	Other receivables-related parties (notes 7)	-	-	524	-	-	-	2230	Current tax liabilities	66,887	1	57,255	1	61,574	1
1220	Current tax assets	1,421	-	1,781	-	5,647	-	2399	Other current liabilities	54,048	1	51,267	1	42,179	1
1410	Prepayments	24,893	1	16,751	-	29,279	1	2280	Current lease liabilities (note 6(i))	31,717	1	24,812	1	19,297	1
1470	Other current assets (notes 6(f))	19,807	-	25,354	1	21,751	1		Total current liabilities	<u>1,513,195</u>	<u>28</u>	<u>1,544,852</u>	<u>30</u>	<u>1,324,382</u>	<u>31</u>
	Total current assets	<u>4,496,383</u>	<u>83</u>	<u>4,324,492</u>	<u>82</u>	<u>3,489,031</u>	<u>80</u>		Non-Current liabilities:						
Non-current assets:								2570	Deferred tax liabilities	88,706	2	88,636	2	81,311	2
1600	Property, plant and equipment (notes 6(c) and 8)	753,279	14	736,498	14	774,111	17	2580	Non-current lease liabilities (note 6(i))	65,211	1	65,680	1	6,519	-
1755	Right-of-use assets (note 6(d))	93,400	2	89,848	2	30,379	1	2640	Net defined benefit liability, non-current	11,796	-	11,313	-	13,237	-
1780	Intangible assets (note 6(e))	23,651	-	25,780	1	30,235	1	2670	Other non-current liabilities	2,157	-	2,214	-	2,344	-
1840	Deferred tax assets	40,229	1	38,058	1	35,091	1		Total non-current liabilities	<u>167,870</u>	<u>3</u>	<u>167,843</u>	<u>3</u>	<u>103,411</u>	<u>2</u>
1900	Other non-current assets (notes 6(f) and 8)	18,485	-	22,754	-	14,022	-		Total liabilities	<u>1,681,065</u>	<u>31</u>	<u>1,712,695</u>	<u>33</u>	<u>1,427,793</u>	<u>33</u>
	Total non-current assets	<u>929,044</u>	<u>17</u>	<u>912,938</u>	<u>18</u>	<u>883,838</u>	<u>20</u>		Equity (notes 6(l)(m)):						
								3100	Capital stock	729,652	13	728,277	14	673,277	15
								3200	Capital surplus	1,287,939	24	1,269,314	24	809,904	19
								3300	Retained earnings	1,840,426	34	1,706,530	33	1,572,574	36
								3400	Other equity	(76,521)	(1)	(142,252)	(3)	(73,545)	(2)
								3500	Treasury shares	(37,134)	(1)	(37,134)	(1)	(37,134)	(1)
									Total equity	<u>3,744,362</u>	<u>69</u>	<u>3,524,735</u>	<u>67</u>	<u>2,945,076</u>	<u>67</u>
	Total assets	<u>\$ 5,425,427</u>	<u>100</u>	<u>5,237,430</u>	<u>100</u>	<u>4,372,869</u>	<u>100</u>		Total liabilities and equity	<u>\$ 5,425,427</u>	<u>100</u>	<u>5,237,430</u>	<u>100</u>	<u>4,372,869</u>	<u>100</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 ended March 31, 2024 and 2023

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

		For the three-month periods ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Net revenue (notes 6(o) and 7)	\$ 2,418,672	100	2,054,333	100
5000	Cost of Sales (notes 6(c)(d)(e)(i)(j) and 12)	<u>(1,995,371)</u>	<u>(82)</u>	<u>(1,663,098)</u>	<u>(81)</u>
	Gross profit	<u>423,301</u>	<u>18</u>	<u>391,235</u>	<u>19</u>
	Operating expenses (notes 6(b)(c)(d)(e)(i)(j)(m)(o)(p), 7 and 12)				
6100	Selling expenses	(61,851)	(3)	(57,337)	(3)
6200	Administrative expenses	(199,885)	(9)	(193,918)	(9)
6300	Research and development expenses	(11,331)	-	(11,009)	-
6450	Expected credit (losses) gains	<u>(7,536)</u>	<u>-</u>	<u>5,285</u>	<u>-</u>
	Total operating expenses	<u>(280,603)</u>	<u>(12)</u>	<u>(256,979)</u>	<u>(12)</u>
	Net operating income	<u>142,698</u>	<u>6</u>	<u>134,256</u>	<u>7</u>
	Non-operating income and expenses (notes 6(i)(q)):				
7100	Interest income	1,853	-	2,719	-
7010	Other income	7,772	-	3,297	-
7020	Other gains and losses	(593)	-	798	-
7050	Finance costs	<u>(818)</u>	<u>-</u>	<u>(1,483)</u>	<u>-</u>
	Total non-operating income and expenses	<u>8,214</u>	<u>-</u>	<u>5,331</u>	<u>-</u>
	Profit before tax	150,912	6	139,587	7
7950	Income tax expenses (note 6(k))	<u>(17,016)</u>	<u>(1)</u>	<u>(16,450)</u>	<u>(1)</u>
	Net profit	<u>133,896</u>	<u>5</u>	<u>123,137</u>	<u>6</u>
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	65,731	3	3,559	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>65,731</u>	<u>3</u>	<u>3,559</u>	<u>-</u>
8300	Other comprehensive income	<u>65,731</u>	<u>3</u>	<u>3,559</u>	<u>-</u>
	Total comprehensive income	<u>\$ 199,627</u>	<u>8</u>	<u>126,696</u>	<u>6</u>
	Earnings per share (in dollars) (note 6(n))				
9750	Basic earnings per share	<u>\$ 1.85</u>		<u>1.85</u>	
9850	Diluted earnings per share	<u>\$ 1.84</u>		<u>1.83</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 three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Capital stock			Equity attributable to owners of parent					Other equity		
	Common stock	Stock dividend	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2023	\$ 671,523	-	671,523	791,658	222,379	107,053	1,120,005	1,449,437	(77,104)	(37,134)	2,798,380
Net profit	-	-	-	-	-	-	123,137	123,137	-	-	123,137
Other comprehensive income	-	-	-	-	-	-	-	-	3,559	-	3,559
Total comprehensive income	-	-	-	-	-	-	123,137	123,137	3,559	-	126,696
New share issues through employees' remuneration	-	1,754	1,754	18,246	-	-	-	-	-	-	20,000
Balance at March 31, 2023	\$ 671,523	1,754	673,277	809,904	222,379	107,053	1,243,142	1,572,574	(73,545)	(37,134)	2,945,076
Balance at January 1, 2024	\$ 728,277	-	728,277	1,269,314	277,981	77,104	1,351,445	1,706,530	(142,252)	(37,134)	3,524,735
Net profit	-	-	-	-	-	-	133,896	133,896	-	-	133,896
Other comprehensive income	-	-	-	-	-	-	-	-	65,731	-	65,731
Total comprehensive income	-	-	-	-	-	-	133,896	133,896	65,731	-	199,627
New share issues through employees' remuneration	-	1,375	1,375	18,625	-	-	-	-	-	-	20,000
Balance at March 31, 2024	\$ 728,277	1,375	729,652	1,287,939	277,981	77,104	1,485,341	1,840,426	(76,521)	(37,134)	3,744,362

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 three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three-month periods ended March 31	
	2024	2023
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 150,912	139,587
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	19,766	20,612
Amortization expense	1,905	2,492
Expected credit losses (gains)	7,536	(5,285)
Interest expense	818	1,483
Interest income	(1,853)	(2,719)
Loss on disposal of property, plant and equipment	1,319	87
Total adjustments to reconcile profit	<u>29,491</u>	<u>16,670</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in current contract assets	3,024	973
Increase in notes and accounts receivable, net	(510,409)	(173,044)
Decrease in accounts receivable-related parties	3,554	4,216
(Increase) Decrease in other receivables	(25)	409
Decrease in other receivables-related parties	530	-
Increase in prepayments	(7,774)	(9,338)
(Increase) Decrease in other current assets	(550)	545
Total changes in operating assets	<u>(511,650)</u>	<u>(176,239)</u>
Changes in operating liabilities:		
Increase in contract liabilities	35	6,916
Decrease in accounts payable	(6,043)	(9,675)
Decrease in other payables	(217,464)	(242,758)
(Decrease) Increase in other payables-related parties	(1,538)	13
Increase (decrease) in other current liabilities	1,732	(6,734)
Increase in net defined benefit liability	483	448
Total changes in operating liabilities	<u>(222,795)</u>	<u>(251,790)</u>
Net changes in operating assets and liabilities	<u>(734,445)</u>	<u>(428,029)</u>
Total changes in operating assets and liabilities	<u>(704,954)</u>	<u>(411,359)</u>
Cash used in operations	(554,042)	(271,772)
Interest received	2,049	2,655
Interest paid	(778)	(1,519)
Income taxes paid	(9,354)	(14,769)
Net cash used in operating activities	<u>(562,125)</u>	<u>(285,405)</u>
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(11,241)	(4,807)
Proceeds from disposal of property, plant and equipment	10	156
Decrease (increase) in refundable deposits	4,823	(459)
Increase in other non-current assets	(16)	-
Net cash used in investing activities	<u>(6,424)</u>	<u>(5,110)</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	306,198	597,916
Repayments of short-term loans	(133,228)	(605,868)
Repayments of long-term loans	-	(56,709)
Repayments of the principal portion of lease liabilities	(4,528)	(7,786)
Net cash generated from (used in) financing activities	<u>168,442</u>	<u>(72,447)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>16,032</u>	<u>1,771</u>
Net Decrease in cash and cash equivalents	<u>(348,075)</u>	<u>(361,191)</u>
Cash and cash equivalents at beginning of period	<u>1,376,164</u>	<u>1,184,815</u>
Cash and cash equivalents at end of period	<u>\$ 992,089</u>	<u>823,624</u>

See accompanying notes to financial statements.

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

Notes to the Consolidated 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

March 31, 2024 and 2023

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

(1) Company history

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

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

The consolidated financial statements for the three months ended March 31, 2024 and 2023 were authorized for issue by the Board of Directors on May 9, 2024.

(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, 2024:

- 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”

(b) The impact of IFRS issued by the IASB but not 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:

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1,2027

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

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

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

(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(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	
				2024.03.31	2023.12.31	2023.3.31		
The Company	Wistron Information Technology and Services Inc. (WIBI)	Professional investment enterprise	B.V.I	100.00%	100.00%	100.00%		
	WITS (Hong Kong) Limited (WIHK)	Research, develop, design of software, and IT consulting service	Hong Kong	100.00%	100.00%	100.00%		
	WITS Japan INC. (WIJP)	"	Japan	100.00%	100.00%	100.00%		
	WITS AMERICA, CORP. (WIUS)	"	America	100.00%	100.00%	100.00%		
	WITS Taiwan, Inc. (WISS)	"	Taiwan	100.00%	100.00%	100.00%		
	WIBI	Wistron ITS (Hong Kong) Limited (WIHH)	Professional investment enterprise	Hong Kong	100.00%	100.00%	100.00%	
	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%		
	Hai Kou Enovation Technology Co.,Ltd. (WIYN)	"	China	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%	100.00%	100.00%		

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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. However, the Company incurs a pretax loss for interim reporting period and anticipates having a tax benefit for the full year when the management estimates its effective annual tax rate. An amount of deferred income tax benefit is recognized by multiplying pretax loss for the interim reporting period with the effective annual tax rate. Deferred income tax assets are adjusted relatively.

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

(d) Employee benefits

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has considered the economic implications of climate change on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(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 2023 consolidated financial statements. Please refer to Note 6 of the 2023 annual consolidated financial statements.

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(a) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 317	388	464
Demand and checking deposits	731,287	1,016,398	796,231
Time deposits	<u>260,485</u>	<u>359,378</u>	<u>26,929</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 992,089</u>	<u>1,376,164</u>	<u>823,624</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)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 88,067	71,596	44,592
Accounts receivable	3,362,404	2,803,186	2,526,349
Accounts receivable-related parties	33,425	36,969	51,508
Less: Loss allowance	<u>(33,091)</u>	<u>(18,196)</u>	<u>(20,481)</u>
	<u>\$ 3,450,805</u>	<u>2,893,555</u>	<u>2,601,968</u>

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

The loss allowance provision was determined as follows:

	<u>March 31, 2024</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average expected credit loss rate</u>	<u>Lifetime expected credit loss allowance</u>
Not overdue	\$ 2,487,527	0%~22.973%	3,259
Overdue within 30 days	414,532	0%~5.659%	1,922
Overdue 31~60 days	203,046	0%~22.973%	7,199
Overdue 61~120 days	239,032	0%~22.009%	3,122
Overdue 121~180 days	88,167	0%~37.978%	4,187
Overdue 181~365 days	50,487	0%~100%	12,297
Overdue more than 365 days	<u>1,105</u>	100%	<u>1,105</u>
	<u>\$ 3,483,896</u>		<u>33,091</u>

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	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 2,186,709	0%~1.338%	1,487
Overdue within 30 days	304,007	0%~5.812%	1,578
Overdue 31~60 days	142,312	0%~12.554%	1,140
Overdue 61~120 days	213,470	0%~22.624%	2,232
Overdue 121~180 days	42,806	0%~39.054%	2,492
Overdue 181~365 days	19,740	0%~73.677%	6,560
Overdue more than 365 days	2,707	100%	2,707
	\$ 2,911,751		18,196
	March 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 2,046,050	0%~0.25%	494
Overdue within 30 days	212,643	0%~0.806%	189
Overdue 31~60 days	86,616	0%~3.201%	472
Overdue 61~120 days	206,183	0%~23.798%	2,613
Overdue 121~180 days	50,909	0%~39.814%	4,167
Overdue 181~365 days	15,727	0%~100%	8,225
Overdue more than 365 days	4,321	100%	4,321
	\$ 2,622,449		20,481

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

	For the three-month periods ended March 31	
	2024	2023
Balance as of January 1	\$ 18,196	25,657
Impairment losses recognized (reversed)	7,627	(5,256)
Collection of write-offs	6,635	-
Effect of changes in foreign exchange rate	633	80
Balance as of March 31	\$ 33,091	20,481

As of March 31, 2024, December 31 and March 31, 2023, the notes and accounts receivable were not discounted and pledged.

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(c) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Computers and other equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Total</u>
Cost :							
Balance as of January 1, 2024	\$ 190,856	569,412	130,453	3,925	49,792	36,988	981,426
Additions	-	189	3,270	-	2,135	5,647	11,241
Reclassification (note)	-	6,635	-	-	669	5,810	13,114
Disposals	-	-	(4,764)	-	(771)	(9,779)	(15,314)
Effect of changes in foreign exchange rates	-	6,242	1,453	97	938	715	9,445
Balance as of March 31, 2024	<u>\$ 190,856</u>	<u>582,478</u>	<u>130,412</u>	<u>4,022</u>	<u>52,763</u>	<u>39,381</u>	<u>999,912</u>
Balance as of January 1, 2023	\$ 190,856	574,936	134,357	4,012	50,503	37,036	991,700
Additions	-	-	2,008	-	414	2,385	4,807
Disposals	-	-	(6,020)	-	(385)	-	(6,405)
Effect of changes in foreign exchange rates	-	646	64	10	78	(56)	742
Balance as of March 31, 2023	<u>\$ 190,856</u>	<u>575,582</u>	<u>130,409</u>	<u>4,022</u>	<u>50,610</u>	<u>39,365</u>	<u>990,844</u>
Accumulated depreciation :							
Balance as of January 1, 2024	\$ -	80,054	98,664	2,159	36,895	27,156	244,928
Depreciation	-	4,598	3,996	199	2,029	1,598	12,420
Disposals	-	-	(4,716)	-	(665)	(8,604)	(13,985)
Effect of changes in foreign exchange rates	-	933	1,204	55	686	392	3,270
Balance as of March 31, 2024	<u>\$ -</u>	<u>85,585</u>	<u>99,148</u>	<u>2,413</u>	<u>38,945</u>	<u>20,542</u>	<u>246,633</u>
Balance as of January 1, 2023	\$ -	62,387	91,518	1,404	29,698	24,603	209,610
Depreciation	-	4,631	5,063	202	2,151	1,174	13,221
Disposals	-	-	(5,835)	-	(327)	-	(6,162)
Effect of changes in foreign exchange rates	-	68	28	3	38	(73)	64
Balance as of March 31, 2023	<u>\$ -</u>	<u>67,086</u>	<u>90,774</u>	<u>1,609</u>	<u>31,560</u>	<u>25,704</u>	<u>216,733</u>
Carrying value :							
Balance as of January 1, 2024	<u>\$ 190,856</u>	<u>489,358</u>	<u>31,789</u>	<u>1,766</u>	<u>12,897</u>	<u>9,832</u>	<u>736,498</u>
Balance as of March 31, 2024	<u>\$ 190,856</u>	<u>496,893</u>	<u>31,264</u>	<u>1,609</u>	<u>13,818</u>	<u>18,839</u>	<u>753,279</u>
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>782,090</u>
Balance as of March 31, 2023	<u>\$ 190,856</u>	<u>508,496</u>	<u>39,635</u>	<u>2,413</u>	<u>19,050</u>	<u>13,661</u>	<u>774,111</u>

Note: Reclassifications are mainly transferring from prepayment for equipment.

As of March 31, 2024, December 31 and March 31, 2024, 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:

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	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2024	\$ 109,028	1,355	533	110,916
Additions	10,353	-	-	10,353
Decrease	(1,358)	-	-	(1,358)
Effect of changes in foreign exchange rates	1,739	-	13	1,752
Balance as of March 31, 2024	<u>\$ 119,762</u>	<u>1,355</u>	<u>546</u>	<u>121,663</u>
Balance as of January 1, 2023	\$ 86,650	1,355	-	88,005
Additions	-	-	548	548
Effect of changes in foreign exchange rates	140	-	(2)	138
Balance as of March 31, 2023	<u>\$ 86,790</u>	<u>1,355</u>	<u>546</u>	<u>88,691</u>
Accumulated depreciation:				
Balance as of January 1, 2024	\$ 20,363	602	103	21,068
Depreciation	7,206	113	27	7,346
Decrease	(176)	-	-	(176)
Effect of changes in foreign exchange rates	22	-	3	25
Balance as of March 31, 2024	<u>\$ 27,415</u>	<u>715</u>	<u>133</u>	<u>28,263</u>
Balance as of January 1, 2023	\$ 50,699	151	-	50,850
Depreciation	7,255	113	23	7,391
Effect of changes in foreign exchange rates	71	-	-	71
Balance as of March 31, 2023	<u>\$ 58,025</u>	<u>264</u>	<u>23</u>	<u>58,312</u>
Carrying amount:				
Balance as of January 1, 2024	<u>\$ 88,665</u>	<u>753</u>	<u>430</u>	<u>89,848</u>
Balance as of March 31, 2024	<u>\$ 92,347</u>	<u>640</u>	<u>413</u>	<u>93,400</u>
Balance as of January 1, 2023	<u>\$ 35,951</u>	<u>1,204</u>	<u>-</u>	<u>37,155</u>
Balance as of March 31, 2023	<u>\$ 28,765</u>	<u>1,091</u>	<u>523</u>	<u>30,379</u>

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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, 2024	\$ 62,910	15,201	78,111
Effect of changes in foreign exchange rates	<u>693</u>	<u>(393)</u>	<u>300</u>
Balance as of March 31, 2024	<u>\$ 63,603</u>	<u>14,808</u>	<u>78,411</u>
Balance as of January 1, 2023	\$ 61,085	16,168	77,253
Effect of changes in foreign exchange rates	<u>61</u>	<u>(70)</u>	<u>(9)</u>
Balance as of March 31, 2023	<u>\$ 61,146</u>	<u>16,098</u>	<u>77,244</u>
Accumulated amortization:			
Balance as of January 1, 2024	\$ 52,331	-	52,331
Amortization	1,905	-	1,905
Effect of changes in foreign exchange rates	<u>524</u>	<u>-</u>	<u>524</u>
Balance as of March 31, 2024	<u>\$ 54,760</u>	<u>-</u>	<u>54,760</u>
Balance as of January 1, 2023	\$ 44,479	-	44,479
Amortization	2,492	-	2,492
Effect of changes in foreign exchange rates	<u>38</u>	<u>-</u>	<u>38</u>
Balance as of March 31, 2023	<u>\$ 47,009</u>	<u>-</u>	<u>47,009</u>
Carrying value:			
Balance as of January 1, 2024	<u>\$ 10,579</u>	<u>15,201</u>	<u>25,780</u>
Balance as of March 31, 2024	<u>\$ 8,843</u>	<u>14,808</u>	<u>23,651</u>
Balance as of January 1, 2023	<u>\$ 16,606</u>	<u>16,168</u>	<u>32,774</u>
Balance as of March 31, 2023	<u>\$ 14,137</u>	<u>16,098</u>	<u>30,235</u>

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

(i) Other current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Refundable deposits	\$ 18,477	24,585	20,689
Temporary payment	1,330	769	1,057
Income tax refund receivable	<u>-</u>	<u>-</u>	<u>5</u>
	<u>\$ 19,807</u>	<u>25,354</u>	<u>21,751</u>

As of March 31, 2024, December 31, and March 31, 2023, the other current assets were not pledged.

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(ii) Other non-current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Refundable deposits	\$ 18,324	16,344	14,022
Prepayment for equipment	161	6,410	-
	<u>\$ 18,485</u>	<u>22,754</u>	<u>14,022</u>

As of March 31, 2024, December 31, and March 31, 2023, the other non-current assets were pledged, please refer to Note 8.

(g) Short-term loans

<u>March 31, 2024</u>				
	<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>
Unsecured bank loans	RMB	2.8%	2024	<u>\$ 177,236</u>
Unused bank credit lines				<u>\$ 1,653,246</u>
<u>December 31, 2023</u>				
	<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.95%	2024	<u>\$ 2,000</u>
Unused bank credit lines				<u>\$ 1,986,057</u>
<u>March 31, 2023</u>				
	<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.73%	2023	<u>\$ 150,000</u>
Unused bank credit lines				<u>\$ 1,860,487</u>

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(h) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Wages and salaries payable	\$ 717,309	866,701	598,940
Remuneration payable to employees and directors	100,010	138,203	94,617
Tax Payable	31,540	39,422	46,489
Others	<u>250,482</u>	<u>273,736</u>	<u>220,354</u>
	<u>\$ 1,099,341</u>	<u>1,318,062</u>	<u>960,400</u>

(i) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 31,717</u>	<u>24,812</u>	<u>19,297</u>
Non-current	<u>\$ 65,211</u>	<u>65,680</u>	<u>6,519</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 March 31	
	2024	2023
Interest expenses on lease liabilities	<u>\$ 676</u>	<u>273</u>
Expenses relating to short-term leases	<u>\$ 1,969</u>	<u>2,275</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 2,033</u>	<u>2,946</u>

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

	For the three-month periods ended March 31	
	2024	2023
Total cash outflow for leases	<u>\$ 9,206</u>	<u>13,280</u>

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(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, 2023 and 2022.

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

	For the three-month periods ended March 31	
	2024	2023
Cost of sales	\$ 283	293
Selling expenses	81	59
Administration expenses	<u>217</u>	<u>207</u>
	<u>581</u>	<u>559</u>

(ii) Defined contribution plans

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

	For the three-month periods ended March 31	
	2024	2023
Cost of sales	\$ 113,277	84,385
Selling expenses	3,716	3,550
Administration expenses	5,938	6,077
Research and development expenses	<u>534</u>	<u>510</u>
	<u>\$ 123,465</u>	<u>94,522</u>

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(k) Income tax

(i) Income tax expense

The components of income tax expense were as follows:

	For the three-month periods ended March 31	
	2024	2023
Current tax expense	\$ 17,016	16,450

(ii) There is no income tax recognized directly in equity or other comprehensive income for the three-month periods ended March 31, 2024 and 2023.

(iii) Income tax assessment

- a) The Company's corporate income tax returns for the year through 2021 were assessed by the local tax authorities.
- b) The Company's domestic subsidiary – WITS Taiwan, Inc.'s corporate income tax returns for the year through 2022 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 March 31, 2024 and 2023. For the related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2023.

(i) Common stock

As of March 31, 2024, December 31, and March 31, 2023, 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 72,965 thousand shares, 72,828 thousand shares and 67,328 thousand shares, respectively, were issued. And the actual share capital amounts were \$729,652, \$728,277 and \$673,277. All proceeds from shares issued have been collected.

On March 5, 2024, the Company's Board of Directors meeting approved a resolution to distribute the employees' remuneration amounting to \$20,000, consisting of 137 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The date of capital increase is yet to be determined.

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.

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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). 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.

(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 2023 and 2022 had been approved by the Company's Board of Directors meeting held on March 5, 2024 and the shareholders' meeting held on May 30, 2023, respectively. The appropriations and dividends were as follows:

	2023	2022
Cash dividends	\$ 361,719	333,342
(iii) Treasury shares		

- a) The Company repurchased 958 thousand shares of its own common stock as treasury shares, at the amount of \$73,500, in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. The repurchase period was from March 30 to May 29, 2020. Out of the 958 thousand shares mentioned above, 474 thousand shares were transferred to its employees, resulting in the Company to hold the remaining 484 thousand shares as of March 31, 2024, December 31, and March 31, 2023.
- 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.

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(iv) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2024	\$ (142,252)
Foreign currency translation differences	65,731
Balance as of March 31, 2024	\$ (76,521)
Balance as of January 1, 2023	\$ (77,104)
Foreign currency translation differences	3,559
Balance as of March 31, 2023	\$ (73,545)

(m) Share-based payment

There were no significant changes in the Group's shared-based payment. For the related information, please refer to Note 6(m) of the consolidated financial statements for the year ended December 31, 2023. There was no shared-based payment for the three-month periods ended March 31, 2023.

(n) Earnings per share (“EPS”)

(i) Basic earnings per share

	For the three-month periods ended March 31	
	2024	2023
Net profit belonging to common shareholders	\$ 133,896	123,137
Weighted average common stock outstanding (in thousands shares)	72,383	66,717
Basic earnings per share (in dollars)	\$ 1.85	1.85

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(ii) Diluted earnings per share

	For the three-month periods ended March 31	
	2024	2023
Net profit belonging to common shareholders	<u>\$ 133,896</u>	<u>123,137</u>
Weighted average common stock outstanding (in thousands shares)	72,383	66,717
Effect of potentially dilutive common stock (in thousands shares)		
Employees' remuneration	500	593
Employees' remuneration of subsidiary company	<u>74</u>	<u>95</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>72,957</u>	<u>67,405</u>
Diluted earnings per share (in dollars)	<u>\$ 1.84</u>	<u>1.83</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three-month periods ended March 31	
	2024	2023
Primary geographical markets:		
China	\$ 1,756,318	1,384,494
Taiwan	360,847	361,200
Japan	165,927	182,257
Other	<u>135,580</u>	<u>127,382</u>
	<u>\$ 2,418,672</u>	<u>2,054,333</u>
Major products:		
IT service revenue	<u>\$ 2,418,672</u>	<u>2,054,333</u>

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(ii) Balance of contracts

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes and accounts receivable (including related parties)	\$ 3,483,896	2,911,751	2,622,449
Less: loss allowance	<u>(33,091)</u>	<u>(18,196)</u>	<u>(20,481)</u>
	<u>\$ 3,450,805</u>	<u>2,893,555</u>	<u>2,601,968</u>
Contract assets	\$ 7,385	10,297	6,714
Less: loss allowance	<u>(221)</u>	<u>(309)</u>	<u>(201)</u>
	<u>\$ 7,164</u>	<u>9,988</u>	<u>6,513</u>

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

	<u>For the three-month periods ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance as of January 1	\$ 309	230
Impairment losses reversed	(91)	(29)
Effect of changes in foreign exchange rate	<u>3</u>	<u>-</u>
Balance as of March 31	<u>\$ 221</u>	<u>201</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Contract liabilities	<u>\$ 19,586</u>	<u>19,572</u>	<u>22,759</u>

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

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

The amount of revenue recognized for the three months ended March 31, 2024 and 2023 that was included in the contract liabilities balance at the beginning of the year was \$13,580 and \$4,112, 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

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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 March 31	
	2024	2023
Employee's remuneration	\$ 19,520	18,830
Directors' remuneration	2,160	3,130
	\$ 21,680	21,960

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 2024 and 2023. 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 \$89,080 and \$83,250 and directors' remuneration of \$9,250 and \$9,250 for the years ended December 31, 2023 and 2022. 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 March 31	
	2024	2023
Interest income	\$ 1,853	2,719

- (ii) Other income

	For the three-month periods ended March 31	
	2024	2023
Government grants	\$ 7,772	3,297

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(iii) Other gains and losses

	For the three-month periods ended March 31	
	2024	2023
Foreign exchange gains, net	\$ 811	1,339
Losses on disposals of property, plant and equipment, net	(1,319)	(87)
Others	<u>(85)</u>	<u>(454)</u>
	<u>\$ (593)</u>	<u>798</u>

(iv) Finance costs

	For the three-month periods ended March 31	
	2024	2023
Interest expense	<u>\$ (818)</u>	<u>(1,483)</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(r) of the consolidated financial statements for the year ended December 31, 2023.

(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).

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(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
As of March 31, 2024					
Non-derivative financial liabilities					
Short-term loans	\$ 177,236	177,636	177,636	-	-
Accounts payable	64,380	64,380	64,380	-	-
Other payables	1,099,341	1,099,341	1,099,341	-	-
Lease liabilities (current and non-current)	96,928	102,343	34,032	27,177	41,134
	<u>\$ 1,437,885</u>	<u>1,443,700</u>	<u>1,375,389</u>	<u>27,177</u>	<u>41,134</u>
As of December 31, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 2,000	2,003	2,003	-	-
Accounts payable	70,346	70,346	70,346	-	-
Other payables (including related parties)	1,319,600	1,319,600	1,319,600	-	-
Lease liabilities (current and non-current)	90,492	96,169	27,063	25,974	43,132
	<u>\$ 1,482,438</u>	<u>1,488,118</u>	<u>1,419,012</u>	<u>25,974</u>	<u>43,132</u>
As of March 31, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 150,000	150,100	150,100	-	-
Accounts payable	68,139	68,139	68,139	-	-
Other payables (including related parties)	960,434	960,434	960,434	-	-
Lease liabilities (current and non-current)	25,816	26,604	19,803	4,303	2,498
	<u>\$ 1,204,389</u>	<u>1,205,277</u>	<u>1,198,476</u>	<u>4,303</u>	<u>2,498</u>

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:

	<u>March 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
<u>Monetary items</u>						
USD	\$ 842	USD/NTD	31,990	26,932	425	USD/NTD 30,735 13,059
USD	2,579	USD /HKD	7,8259	82,488	3,207	USD /HKD 7,8127 98,577
CNY	1,165	CNY/HKD	1,0840	5,162	2,231	CNY/HKD 1,0992 9,648
JPY	81,888	JPY/HKD	0,0517	17,305	41,485	JPY/HKD 0,0551 9,000
JPY	7,140	JPY/CNY	0,0477	1,509	7,140	JPY/CNY 0,0502 1,549

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	March 31, 2024			December 31, 2023				
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD		
<u>Financial Liabilities</u>								
<u>Monetary items</u>								
USD	382	USD/HKD	7.8259	12,207	141	USD /HKD 7.8127	4,332	
CNY	1,108	CNY/HKD	1.0840	4,909	5,782	CNY/HKD	1.0992	25,001
JPY	1,624	NTD/CNY	0.2257	1,624				
March 31, 2023								
	Foreign currency	Exchange rate	NTD					
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	\$ 293	USD/NTD	30.454	8,910				
USD	2,399	USD/HKD	7.8502	73,072				
JPY	37,042	JPY/HKD	0.0592	8,509				
JPY	8,850	JPY/CNY	0.0518	2,033				
<u>Financial Liabilities</u>								
<u>Monetary items</u>								
USD	112	USD/HKD	7.8502	3,407				
CNY	1,226	CNY/HKD	1.1422	5,433				

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 three-month period ended March 31, 2024 and 2023 would have increased (decreased) the net profit after tax by \$5,794 and \$4,220, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three-month periods ended March 31, 2024 and 2023, foreign exchange gain, including realized and unrealized portions, amounted to \$811 and \$1,339, 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.

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If the interest rate had increased / decreased by 1%, the Group's net income would have increased / decreased by \$375 for the three-month period ended March 31, 2023 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

There were no variable interest rate loans on March 31, 2024.

(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(s) of the consolidated financial statements for the year ended December 31, 2023.

(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, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

	Cash flows			Non-cash changes		March 31, 2024
	January 1, 2024	Proceeds from loans	Repayments of long-term debt and lease liabilities	Others	Effect of changes in foreign exchange rate	
Short-term loans	\$ 2,000	306,198	(133,228)	-	2,266	177,236
Lease liabilities (current and non-current)	90,492	-	(4,528)	9,171	1,793	96,928
	<u>\$ 92,492</u>	<u>306,198</u>	<u>(137,756)</u>	<u>9,171</u>	<u>4,059</u>	<u>274,164</u>
	Cash flows			Non-cash changes		March 31, 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	597,916	(605,868)	-	(123)	150,000
Long-term loans (including current portion)	56,408	-	(56,709)	-	301	-
Lease liabilities (current and non-current)	32,995	-	(7,786)	548	59	25,816
	<u>\$ 247,478</u>	<u>597,916</u>	<u>(670,363)</u>	<u>548</u>	<u>237</u>	<u>175,816</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

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Name of related party	Relationship with the Group
Wiwynn Corporation (Wiwynn)	Other related parties
WiAdance Technology Corporation (AGI)	Other related parties
SMS (Kunshan) Co., Ltd (WMKS)	Other related parties
Weidu Corporation (WETW)	Other related parties
Wistron Medical Technology Corporation (WMT)	Other related parties
Wistron Information (Zhongshan) Corporation (WZS)	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:

	Revenue		Accounts receivable -related parties		
	For the three-month periods ended March 31		March 31, 2024	December 31, 2023	March 31, 2023
	2024	2023			
Entities with significant influence over the Group	\$ 42,184	79,581	28,619	32,759	48,251
Other related parties	6,542	4,554	4,806	4,210	3,257
	<u>\$ 48,726</u>	<u>84,135</u>	<u>33,425</u>	<u>36,969</u>	<u>51,508</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) Operating expenses

	Operating expenses		Other payables-related parties		
	For the three-month periods ended March 31		March 31, 2024	December 31, 2023	March 31, 2023
	2024	2023			
Entities with significant influence over the Group	\$ -	120	-	-	-
Other related parties	134	32	-	149	34
	<u>\$ 134</u>	<u>152</u>	<u>-</u>	<u>149</u>	<u>34</u>

The prices, with payment terms within one to three months, offered to related parties, are not significantly different from those of the third party vendors.

(iii) Property transactions

Disposals of property, plant and equipment

	Disposal price		Other payables-related parties		
	For the three-month periods ended March 31		March 31, 2024	December 31, 2023	March 31, 2023
	2024	2023			
Other related parties (WZS)	\$ -	-	-	524	-

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(iv) Other payables

	Other payables-related parties		
	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ -	1,389	-

(v) Receivables and payables to related parties were as follows

	March 31, 2024	December 31, 2023	March 31, 2023
Receivables – related parties:			
Accounts receivable	\$ 33,425	36,969	51,508
Other receivable	-	524	-
	\$ 33,425	37,493	51,508
Payables – related parties:			
Other payables	\$ -	1,538	34

(vi) Other transaction

The balance of contract assets to other related parties was at the amount of \$820 at the end of March 31, 2024. There were no such transactions on December 31 and March 31, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three-month periods ended March 31	
	2024	2023
Short-term employee benefits	\$ 22,393	17,457
Post-employment benefits	390	350
	\$ 22,783	17,807

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	March 31, 2024	December 31, 2023	March 31, 2023
Refundable deposits – other non-current assets	Performance guarantee and warranty	\$ 2,739	2,705	578
Property, plant and equipment	Long-term loans (including current portions)	-	-	224,510
		\$ 2,739	2,705	225,088

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(9) Significant commitments and contingencies: None

(10) Losses due to major disasters: None.

(11) Subsequent events:

On May 9, 2024, the Company's Board of Directors meeting approved a resolution to transfer 484 thousand treasury shares to employees, including subsidiaries, at an adjusted average repurchase price of \$69.94 per share.

(12) Other

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

By function	For the three-month periods ended, March 31, 2024			For the three-month periods ended, March 31, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salaries	1,605,038	184,186	1,789,224	1,315,518	178,524	1,494,042
Labor and health insurance	90,144	9,706	99,850	71,804	11,696	83,500
Pension	113,560	10,486	124,046	84,678	10,403	95,081
Others	13,909	4,091	18,000	10,558	3,207	13,765
Depreciation	1,743	18,023	19,766	2,536	18,076	20,612
Amortization	43	1,862	1,905	110	2,382	2,492

(b) Seasonality of operations

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

(13) Other disclosures

(a) General information and segment information

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three-month period ended March 31, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 1.
- (iii) Securities held as of March 31, 2024 (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

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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.

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Guarantees and endorsements for other parties

March 31, 2024

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	1,872,181	657,185	657,185	-	-	17.55%	3,744,362	Y	N	Y	-
0	The Company	WIBJ	2	1,872,181	44,309	44,309	-	-	1.18%	3,744,362	Y	N	Y	-
0	The Company	WIUS	2	1,872,181	63,980	63,980	-	-	1.71%	3,744,362	Y	N	N	-
0	The Company	WIHK	2	1,872,181	127,960	127,960	-	-	3.42%	3,744,362	Y	N	N	-
0	The Company	WISS	2	1,872,181	15,000	15,000	-	-	0.40%	3,744,362	Y	N	N	-

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

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

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

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

(Note 2) Relationship with the Company:

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

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Notes to the Consolidated Financial Statements

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

March 31, 2024

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)	
WIDL	WIWZ	Parent - subsidiary company	Sales	(160,775)	(41.97)%	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	38,340	15.33%	(Note)
WIWZ	WIDL	Parent - subsidiary company	Purchases	160,775	97.97%	"	"	"	(38,340)	(87.82)%	"

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

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Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

March 31, 2024

Table 3

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	20,139	Not significantly different from the transactions of the third-parties	0.83%
1	WIHK	WIJP	3	"	21,466	"	0.89%
1	WIHK	WIUS	3	"	30,336	"	1.25%
2	WIBJ	WIWZ	3	"	9,186	"	0.38%
2	WIBJ	WIDL	3	"	5,888	"	0.24%
3	WIYC	WIDL	3	"	4,143	"	0.17%
4	WIWZ	WIBJ	3	"	45,964	"	1.90%
4	WIWZ	WIDL	3	"	13,917	"	0.58%
4	WIWZ	WIHK	3	"	61,043	"	2.52%
5	WIHZ	WIWZ	3	"	593	"	0.02%
6	WIDL	WIBJ	3	"	20,305	"	0.84%
6	WIDL	WIWZ	3	"	160,775	"	6.65%
0	The Company	WIHK	1	Accounts receivable-related parties	13,065	Not significantly different from the transactions of the third-parties	0.24%
1	WIHK	WIJP	3	"	7,246	"	0.13%
1	WIHK	WIUS	3	"	30,880	"	0.57%

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Business relationships and significant intercompany transactions

March 31, 2024

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	
2	WIBJ	WIWZ	3	Accounts receivable-related parties	3,288	Not significantly different from the transactions of the third-parties	0.06%
2	WIBJ	WIDL	3	"	2,144	"	0.04%
3	WIYC	WIDL	3	"	1,464	"	0.03%
4	WIWZ	WIDL	3	"	14,943	"	0.28%
4	WIWZ	WIHK	3	"	4,909	"	0.09%
6	WIHZ	WIWZ	3	"	346	"	0.01%
6	WIDL	WIBJ	3	"	4,702	"	0.09%
6	WIDL	WIWZ	3	"	38,340	"	0.71%

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)

March 31, 2024

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%	2,774,881	103,493	103,493	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00%	143,762	(3,416)	(3,416)	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00%	68,699	(535)	(535)	"
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00%	36,628	1,028	1,028	"
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00%	2,109	(300)	(300)	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00%	2,774,748	103,493	103,493	"

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
Information on investment in Mainland China
March 31, 2024

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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Notes 2 · 8)	Carrying amount as of March 31, 2024 (Note 2 · 8)	Accumulated inward remittance of earnings as of March 31, 2024	Notes
					Outflow	Inflow							
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1)1.	169,420	-	-	169,420	103,479 (Note 3)	100.00%	103,479 (Note 3)	2,771,902	-	(Note 8)
WIWZ	Research, develop, design of software, and information consulting service	932,328	(Note 1)2.	-	-	-	-	94,857 (Note 3)	100.00%	94,857 (Note 3)	1,835,849	-	(Note 7 and 8)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	169 (Note 3)	100.00%	169 (Note 3)	19,198	-	(Note 8)
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	51 (Note 3)	100.00%	51 (Note 3)	399	-	(Note 8)
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	2,170 (Note 3)	100.00%	2,170 (Note 3)	119,593	-	(Note 8)
WIYN	Research, develop, design of software, and information consulting service	6,965	(Note 1)2.	-	-	-	-	(50) (Note 3)	100.00%	(50) (Note 3)	7,039	-	(Note 8)

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2024 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
228,132 (USD 7,131,356)	1,870,179 (USD 58,461,356)	2,246,617

(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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****Information on investment in Mainland China****March 31, 2024**

(Note 2) : The amount of the net income (losses) and the investee company carrying value as of March 31, 2024 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.

(Note 4) : Translated using the ending rate on March 31, 2024, which was USD: NTD = 1: 31.990.

(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) : 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. Thereafter, the paid in capital increase, capital of WIWZ increased from CNY 150,000 thousand to CNY 210,000 thousand.

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

3. Significant transactions :

For the three-month period ended March 31, 2024, the significant transactions of the entities in China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES**Information on major shareholders****March 31, 2024**

Table 6

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