

**WITS CORP.**  
**(Original Name : WISTRON INFORMATION TECHNOLOGY**  
**AND SERVICES CORPORATION)**  
**AND SUBSIDIARIES**

**Consolidated Financial Statements**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11~12
(6) Explanation of significant accounts	12~30
(7) Related party transactions	30~32
(8) Pledged assets	32
(9) Significant commitments and contingencies	32
(10) Losses due to major disasters	32
(11) Subsequent events	32
(12) Other	33
(13) Other disclosures	
(a) Information on significant transactions	35~38
(b) Information on investees	39
(c) Information on investment in mainland China	40~41
(d) Information on major shareholders	42
(14) Segment information	34

## Independent Auditors' Review Report

To the Board of Directors of WITS Corp.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of WITS Corp. and its subsidiaries (“the Group”) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023 and its consolidated cash flows for the six months ended June 30, 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)  
August 6, 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)  
**WITS CORP. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**June 30, 2024, December 31 and June 30, 2023**  
(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 1,154,314	21	1,376,164	26	856,289	19	2100	Short-term borrowings (note 6(g))	\$ 600	-	2,000	-	150,000	3
1140	Current contract assets (note 6(o) and 7)	9,711	-	9,988	-	10,414	-	2130	Current contract liabilities (notes 6(o))	20,750	-	19,572	-	25,106	1
1170	Notes and accounts receivable, net (notes 6(b)(o))	3,330,787	61	2,856,586	54	2,682,556	60	2170	Accounts payable	54,309	1	70,346	2	69,278	2
1180	Accounts receivable-related parties, net (notes 6(b)(o) and 7)	37,398	1	36,969	1	43,862	1	2216	Dividends payable (notes 6(l) and 7)	361,719	7	-	-	333,342	7
1200	Other receivables	417	-	375	-	46	-	2219	Other payables (note 6(h)(p))	1,165,768	21	1,318,062	25	1,017,441	23
1210	Other receivables-related parties (notes 7)	-	-	524	-	-	-	2220	Other payables-related parties (note 7)	759	-	1,538	-	78	-
1220	Current tax assets	1,126	-	1,781	-	1,104	-	2230	Current tax liabilities	48,292	1	57,255	1	58,172	1
1410	Prepayments	26,060	-	16,751	-	22,298	-	2399	Other current liabilities	60,348	1	51,267	1	46,470	1
1470	Other current assets (notes 6(f))	18,246	-	25,354	1	19,909	-	2280	Current lease liabilities (note 6(i))	31,854	1	24,812	1	10,837	-
<b>Total current assets</b>		<b>4,578,059</b>	<b>83</b>	<b>4,324,492</b>	<b>82</b>	<b>3,636,478</b>	<b>80</b>	<b>Total current liabilities</b>		<b>1,744,399</b>	<b>32</b>	<b>1,544,852</b>	<b>30</b>	<b>1,710,724</b>	<b>38</b>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>							
1600	Property, plant and equipment (notes 6(c))	759,909	14	736,498	14	754,799	17	2570	Deferred tax liabilities	88,393	2	88,636	2	80,494	2
1755	Right-of-use assets (note 6(d))	85,871	2	89,848	2	27,365	1	2580	Non-current lease liabilities (note 6(i))	57,190	1	65,680	1	12,049	-
1780	Intangible assets (note 6(e))	21,184	-	25,780	1	28,551	1	2640	Net defined benefit liability, non-current	12,279	-	11,313	-	12,860	-
1840	Deferred tax assets	39,701	1	38,058	1	33,758	1	2670	Other non-current liabilities	2,059	-	2,214	-	2,195	-
1900	Other non-current assets (notes 6(f) and 8)	19,636	-	22,754	-	16,804	-	<b>Total non-current liabilities</b>		<b>159,921</b>	<b>3</b>	<b>167,843</b>	<b>3</b>	<b>107,598</b>	<b>2</b>
<b>Total non-current assets</b>		<b>926,301</b>	<b>17</b>	<b>912,938</b>	<b>18</b>	<b>861,277</b>	<b>20</b>	<b>Total liabilities</b>		<b>1,904,320</b>	<b>35</b>	<b>1,712,695</b>	<b>33</b>	<b>1,818,322</b>	<b>40</b>
								<b>Equity (notes 6(l)(m)):</b>							
								3100	Capital stock	729,652	13	728,277	14	671,523	15
								3150	Stock dividend	-	-	-	-	1,754	-
								3200	Capital surplus	1,316,067	24	1,269,314	24	820,904	18
								3300	Retained earnings	1,614,471	29	1,706,530	33	1,371,421	31
								3400	Other equity	(60,150)	(1)	(142,252)	(3)	(149,035)	(3)
								3500	Treasury shares	-	-	(37,134)	(1)	(37,134)	(1)
<b>Total assets</b>		<b>\$ 5,504,360</b>	<b>100</b>	<b>5,237,430</b>	<b>100</b>	<b>4,497,755</b>	<b>100</b>	<b>Total equity</b>		<b>3,600,040</b>	<b>65</b>	<b>3,524,735</b>	<b>67</b>	<b>2,679,433</b>	<b>60</b>
								<b>Total liabilities and equity</b>		<b>\$ 5,504,360</b>	<b>100</b>	<b>5,237,430</b>	<b>100</b>	<b>4,497,755</b>	<b>100</b>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
WITS CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2024 and 2023

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

	For the three-month periods ended June 30				For the six-month periods ended June 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net revenue (notes 6(o) and 7)	\$ 2,523,565	100	2,127,722	100	\$ 4,942,237	100	\$ 4,182,055	100
5000	Cost of Sales (notes 6(c)(d)(e)(i)(j)(l) and 12)	(2,078,733)	(82)	(1,689,857)	(79)	(4,074,104)	(82)	(3,352,955)	(80)
	Gross profit	444,832	18	437,865	21	868,133	18	829,100	20
	Operating expenses (notes 6(b)(c)(d)(e)(i)(j)(l)(m)(o)(p), 7 and 12)								
6100	Selling expenses	(92,058)	(4)	(60,062)	(3)	(153,909)	(3)	(117,399)	(3)
6200	Administrative expenses	(177,338)	(7)	(210,191)	(10)	(377,223)	(9)	(404,109)	(10)
6300	Research and development expenses	(12,627)	(1)	(11,599)	(1)	(23,958)	-	(22,608)	-
6450	Expected credit losses	(8,185)	-	(7,712)	-	(15,721)	-	(2,427)	-
	Total operating expenses	(290,208)	(12)	(289,564)	(14)	(570,811)	(12)	(546,543)	(13)
	Net operating income	154,624	6	148,301	7	297,322	6	282,557	7
	Non-operating income and expenses (notes 6(i)(q)):								
7100	Interest income	2,061	-	1,522	-	3,914	-	4,241	-
7010	Other income	3,157	-	7,196	-	10,929	-	10,493	-
7020	Other gains and losses	(472)	-	723	-	(1,065)	-	1,521	-
7050	Finance costs	(910)	-	(1,046)	-	(1,728)	-	(2,529)	-
	Total non-operating income and expenses	3,836	-	8,395	-	12,050	-	13,726	-
	Profit before tax	158,460	6	156,696	7	309,372	6	296,283	7
7950	Income tax expenses (note 6(k))	(22,696)	(1)	(24,507)	(1)	(39,712)	(1)	(40,957)	(1)
	Net profit	135,764	5	132,189	6	269,660	5	255,326	6
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	16,371	1	(75,490)	(3)	82,102	2	(71,931)	(2)
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	16,371	1	(75,490)	(3)	82,102	2	(71,931)	(2)
8300	Other comprehensive (loss) income	16,371	1	(75,490)	(3)	82,102	2	(71,931)	(2)
	Total comprehensive income	\$ 152,135	6	\$ 56,699	3	\$ 351,762	7	\$ 183,395	4
	Earnings per share (in dollars) (note 6(n))								
9750	Basic earnings per share	\$ 1.87		1.98		3.72		3.82	
9850	Diluted earnings per share	\$ 1.86		1.97		3.69		3.79	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**WITS CORP. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Capital stock			Equity attributable to owners of parent					Other equity		Total equity
	Common stock	Stock dividend	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	
<b>Balance at January 1, 2023</b>	<u>\$ 671,523</u>	<u>-</u>	<u>671,523</u>	<u>791,658</u>	<u>222,379</u>	<u>107,053</u>	<u>1,120,005</u>	<u>1,449,437</u>	<u>(77,104)</u>	<u>(37,134)</u>	<u>2,798,380</u>
Net profit	-	-	-	-	-	-	255,326	255,326	-	-	255,326
Other comprehensive loss	-	-	-	-	-	-	-	-	(71,931)	-	(71,931)
Total comprehensive income	-	-	-	-	-	-	255,326	255,326	(71,931)	-	183,395
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	55,602	-	(55,602)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(333,342)	(333,342)	-	-	(333,342)
Reversal of special reserve	-	-	-	-	-	(29,949)	29,949	-	-	-	-
Compensation cost of treasury shares transferred to employees	-	-	-	11,000	-	-	-	-	-	-	11,000
New share issued through employees' remuneration	-	1,754	1,754	18,246	-	-	-	-	-	-	20,000
<b>Balance at June 30, 2023</b>	<u>\$ 671,523</u>	<u>1,754</u>	<u>673,277</u>	<u>820,904</u>	<u>277,981</u>	<u>77,104</u>	<u>1,016,336</u>	<u>1,371,421</u>	<u>(149,035)</u>	<u>(37,134)</u>	<u>2,679,433</u>
<b>Balance at January 1, 2024</b>	<u>\$ 728,277</u>	<u>-</u>	<u>728,277</u>	<u>1,269,314</u>	<u>277,981</u>	<u>77,104</u>	<u>1,351,445</u>	<u>1,706,530</u>	<u>(142,252)</u>	<u>(37,134)</u>	<u>3,524,735</u>
Net profit	-	-	-	-	-	-	269,660	269,660	-	-	269,660
Other comprehensive income	-	-	-	-	-	-	-	-	82,102	-	82,102
Total comprehensive income	-	-	-	-	-	-	269,660	269,660	82,102	-	351,762
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	-	59,044	-	(59,044)	-	-	-	-
Special reserve	-	-	-	-	-	65,148	(65,148)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(361,719)	(361,719)	-	-	(361,719)
Other changes in capital surplus	-	-	-	23	-	-	-	-	-	-	23
Compensation cost of employee stock options	-	-	-	31,489	-	-	-	-	-	-	31,489
Treasury shares transferred to employees	-	-	-	(3,384)	-	-	-	-	-	37,134	33,750
New share issued through employees' remuneration	1,375	-	1,375	18,625	-	-	-	-	-	-	20,000
<b>Balance at June 30, 2024</b>	<u>\$ 729,652</u>	<u>-</u>	<u>729,652</u>	<u>1,316,067</u>	<u>337,025</u>	<u>142,252</u>	<u>1,135,194</u>	<u>1,614,471</u>	<u>(60,150)</u>	<u>-</u>	<u>3,600,040</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**WITS CORP. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows generated from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 309,372	296,283
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	40,441	40,224
Amortization expense	3,757	4,541
Expected credit losses	15,721	2,427
Interest expense	1,728	2,529
Interest income	(3,914)	(4,241)
Compensation cost arising from share-based payments	31,489	11,000
Loss on disposal of property, plant and equipment	1,384	534
Gain on lease modification	-	(79)
Others	23	-
<b>Total adjustments to reconcile profit</b>	<u>90,629</u>	<u>56,935</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in current contract assets	472	(3,201)
Increase in notes and accounts receivable, net	(433,481)	(382,263)
(Increase) Decrease in accounts receivable-related parties	(410)	11,863
(Increase) Decrease in other receivables	(37)	585
Decrease in other receivables-related parties	536	-
Increase in prepayments	(8,888)	(2,926)
(Increase) Decrease in other current assets	(509)	918
<b>Total changes in operating assets</b>	<u>(442,317)</u>	<u>(375,024)</u>
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities	1,371	9,892
Decrease in accounts payable	(15,095)	(5,469)
Decrease in other payables	(156,787)	(164,858)
(Decrease) increase in other payables-related parties	(779)	57
Increase (decrease) in other current liabilities	7,758	(1,691)
Increase in net defined benefit liability	966	71
<b>Total changes in operating liabilities</b>	<u>(162,566)</u>	<u>(161,998)</u>
<b>Net changes in operating assets and liabilities</b>	<u>(604,883)</u>	<u>(537,022)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(514,254)</u>	<u>(480,087)</u>
Cash used in operations	(204,882)	(183,804)
Interest received	3,908	4,209
Interest paid	(1,728)	(2,567)
Income taxes paid	(50,171)	(36,844)
<b>Net cash used in operating activities</b>	<u>(252,873)</u>	<u>(219,006)</u>
<b>Cash flows generated from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(13,998)	(6,942)
Proceeds from disposal of property, plant and equipment	54	303
Decrease (increase) in refundable deposits	5,393	(2,565)
Acquisition of intangible assets	-	(1,542)
Increase in other non-current assets	(262)	(311)
<b>Net cash used in investing activities</b>	<u>(8,813)</u>	<u>(11,057)</u>
<b>Cash flows generated from (used in) financing activities:</b>		
Increase in short-term loans	457,471	1,128,975
Repayments of short-term loans	(458,871)	(1,136,968)
Repayments of long-term loans	-	(56,709)
Repayments of the principal portion of lease liabilities	(12,765)	(14,295)
Treasury shares transferred to employees	33,750	-
<b>Net cash generated from (used in) financing activities</b>	<u>19,585</u>	<u>(78,997)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>20,251</u>	<u>(19,466)</u>
<b>Net Decrease in cash and cash equivalents</b>	<u>(221,850)</u>	<u>(328,526)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,376,164</u>	<u>1,184,815</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,154,314</u>	<u>\$ 856,289</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WITS CORP. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**June 30, 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 WITS Corp. (the “Company”). WITS Corp. and subsidiaries (the “Group”) are primarily engaged in the development and maintenance of the IT system, IT consulting and outsourcing services.

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

The consolidated financial statements for the six months ended June 30, 2024 and 2023 were authorized for issue by the Board of Directors on August 6, 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 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, 2025, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS21 “Lack of Exchangeability”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:



**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(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, 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
				2024.06.30	2023.12.31	2023.06.30	
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 Limited (WIHH)	Professional investment enterprise	Hong Kong	100.00%	100.00%	100.00%	
	WIHH	Wistron ITS (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%	
WIBJ	Hai Kou Enovation Technology Co.,Ltd. (WIYN)	"	China	100.00%	100.00%	-	

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership			Note
				2024.06.30	2023.12.31	2023.06.30	
WIWZ	Wistron ITS (Hangzhou) Ltd.(WIHZ)	Research, develop, design of software, and IT consulting service	China	100.00%	100.00%	100.00%	
	Wistron ITS (Dalian) Ltd.(WIDL)	"	China	100.00%	100.00%	100.00%	

(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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

(a) Cash and cash equivalents

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Cash on hand	\$ 320	388	411
Demand and checking deposits	797,162	1,016,398	797,645
Time deposits	<u>356,832</u>	<u>359,378</u>	<u>58,233</u>
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>\$ 1,154,314</u></b>	<b><u>1,376,164</u></b>	<b><u>856,289</u></b>

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)

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes receivable	\$ 95,728	71,596	49,265
Accounts receivable	3,264,190	2,803,186	2,660,536
Accounts receivable-related parties	37,398	36,969	43,862
Less: Loss allowance	<u>(29,131)</u>	<u>(18,196)</u>	<u>(27,245)</u>
	<b><u>\$ 3,368,185</u></b>	<b><u>2,893,555</u></b>	<b><u>2,726,418</u></b>

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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The loss allowance provision was determined as follows:

	<b>June 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not overdue	\$ 2,396,928	0~10%	1,296
Overdue within 30 days	408,144	0~10%	2,814
Overdue 31~60 days	191,119	0~11.907%	1,017
Overdue 61~120 days	301,918	0~21.440%	6,046
Overdue 121~180 days	58,769	0~36.981%	1,094
Overdue 181~365 days	39,773	0~79.753%	16,199
Overdue more than 365 days	<u>665</u>	100%	<u>665</u>
	<b><u>\$ 3,397,316</u></b>		<b><u>29,131</u></b>
	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not overdue	\$ 2,186,709	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	<u>2,707</u>	100%	<u>2,707</u>
	<b><u>\$ 2,911,751</u></b>		<b><u>18,196</u></b>
	<b>June 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	\$ 2,065,012	0~0.229%	314
Overdue within 30 days	286,270	0~0.738%	328
Overdue 31~60 days	118,612	0~2.931%	324
Overdue 61~120 days	213,733	0~21.830%	3,020
Overdue 121~180 days	27,350	0~36.582%	3,187
Overdue 181~365 days	35,394	0~100%	12,780
Overdue more than 365 days	<u>7,292</u>	100%	<u>7,292</u>
	<b><u>\$ 2,753,663</u></b>		<b><u>27,245</u></b>

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>2024</b>	<b>2023</b>
Balance as of January 1	\$ 18,196	25,657
Impairment losses recognized	15,735	2,331
Amounts written off	(12,202)	-
Collection of write-offs	6,635	-
Effect of changes in foreign exchange rate	767	(743)
Balance as of June 30	<b><u>\$ 29,131</u></b>	<b><u>27,245</u></b>

As of June 30, 2024, December 31 and June 30, 2023, the notes and accounts receivable were not discounted and pledged.

(c) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Computers and other equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Total</u>
<b>Cost :</b>							
Balance as of January 1, 2024	\$ 190,856	569,412	130,453	3,925	49,792	36,988	981,426
Additions	-	189	5,297	-	2,687	5,825	13,998
Reclassification (note)	-	21,378	-	-	676	5,857	27,911
Disposals	-	-	(8,370)	-	(779)	(9,886)	(19,035)
Effect of changes in foreign exchange rates	-	8,437	1,723	128	1,159	749	12,196
Balance as of June 30, 2024	<b><u>\$ 190,856</u></b>	<b><u>599,416</u></b>	<b><u>129,103</u></b>	<b><u>4,053</u></b>	<b><u>53,535</u></b>	<b><u>39,533</u></b>	<b><u>1,016,496</u></b>
Balance as of January 1, 2023	\$ 190,856	574,936	134,357	4,012	50,503	37,036	991,700
Additions	-	-	4,091	-	466	2,385	6,942
Disposals	-	-	(6,991)	-	(433)	(1,654)	(9,078)
Effect of changes in foreign exchange rates	-	(6,661)	(1,875)	(105)	(1,156)	(1,056)	(10,853)
Balance as of June 30, 2023	<b><u>\$ 190,856</u></b>	<b><u>568,275</u></b>	<b><u>129,582</u></b>	<b><u>3,907</u></b>	<b><u>49,380</u></b>	<b><u>36,711</u></b>	<b><u>978,711</u></b>
<b>Accumulated depreciation :</b>							
Balance as of January 1, 2024	\$ -	80,054	98,664	2,159	36,895	27,156	244,928
Depreciation	-	9,423	8,052	401	4,206	3,140	25,222
Disposals	-	-	(8,227)	-	(672)	(8,698)	(17,597)
Effect of changes in foreign exchange rates	-	1,243	1,451	74	860	406	4,034
Balance as of June 30, 2024	<b><u>\$ -</u></b>	<b><u>90,720</u></b>	<b><u>99,940</u></b>	<b><u>2,634</u></b>	<b><u>41,289</u></b>	<b><u>22,004</u></b>	<b><u>256,587</u></b>
Balance as of January 1, 2023	\$ -	62,387	91,518	1,404	29,698	24,603	209,610
Depreciation	-	9,263	10,088	403	4,298	2,260	26,312
Disposals	-	-	(6,664)	-	(357)	(1,220)	(8,241)
Effect of changes in foreign exchange rates	-	(893)	(1,352)	(49)	(793)	(682)	(3,769)
Balance as of June 30, 2023	<b><u>\$ -</u></b>	<b><u>70,757</u></b>	<b><u>93,590</u></b>	<b><u>1,758</u></b>	<b><u>32,846</u></b>	<b><u>24,961</u></b>	<b><u>223,912</u></b>
<b>Carrying value :</b>							
Balance as of January 1, 2024	<b><u>\$ 190,856</u></b>	<b><u>489,358</u></b>	<b><u>31,789</u></b>	<b><u>1,766</u></b>	<b><u>12,897</u></b>	<b><u>9,832</u></b>	<b><u>736,498</u></b>
Balance as of June 30, 2024	<b><u>\$ 190,856</u></b>	<b><u>508,696</u></b>	<b><u>29,163</u></b>	<b><u>1,419</u></b>	<b><u>12,246</u></b>	<b><u>17,529</u></b>	<b><u>759,909</u></b>
Balance as of January 1, 2023	<b><u>\$ 190,856</u></b>	<b><u>512,549</u></b>	<b><u>42,839</u></b>	<b><u>2,608</u></b>	<b><u>20,805</u></b>	<b><u>12,433</u></b>	<b><u>782,090</u></b>
Balance as of June 30, 2023	<b><u>\$ 190,856</u></b>	<b><u>497,518</u></b>	<b><u>35,992</u></b>	<b><u>2,149</u></b>	<b><u>16,534</u></b>	<b><u>11,750</u></b>	<b><u>754,799</u></b>

Note: Reclassifications are mainly due to the recovery of receivables through property-for-debt settlements and the transfer of prepayments for equipment.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of June 30, 2024, December 31, and June 30, 2023, the property, plant and equipment were not pledged.

As of June 30, 2024, The Group had a total book value of CNY 3,334 thousand for real estate properties without completed title deeds, which are still in the process of being obtained. Additionally, there were no such transactions on December 31 and June 30, 2023.

(d) Right-of-use assets

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

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance as of January 1, 2024	\$ 109,028	1,355	533	110,916
Additions	10,503	-	-	10,503
Decrease	(1,373)	-	-	(1,373)
Effect of changes in foreign exchange rates	1,506	-	17	1,523
Balance as of June 30, 2024	<b><u>\$ 119,664</u></b>	<b><u>1,355</u></b>	<b><u>550</u></b>	<b><u>121,569</u></b>
Balance as of January 1, 2023	\$ 86,650	1,355	-	88,005
Additions	16,709	-	548	17,257
Decrease	(24,846)	-	-	(24,846)
Effect of changes in foreign exchange rates	(2,452)	-	(17)	(2,469)
Balance as of June 30, 2023	<b><u>\$ 76,061</u></b>	<b><u>1,355</u></b>	<b><u>531</u></b>	<b><u>77,947</u></b>
<b>Accumulated depreciation:</b>				
Balance as of January 1, 2024	\$ 20,363	602	103	21,068
Depreciation	14,939	226	54	15,219
Decrease	(178)	-	-	(178)
Effect of changes in foreign exchange rates	(415)	-	4	(411)
Balance as of June 30, 2024	<b><u>\$ 34,709</u></b>	<b><u>828</u></b>	<b><u>161</u></b>	<b><u>35,698</u></b>
Balance as of January 1, 2023	\$ 50,699	151	-	50,850
Depreciation	13,636	226	50	13,912
Decrease	(12,546)	-	-	(12,546)
Effect of changes in foreign exchange rates	(1,633)	-	(1)	(1,634)
Balance as of June 30, 2023	<b><u>\$ 50,156</u></b>	<b><u>377</u></b>	<b><u>49</u></b>	<b><u>50,582</u></b>
<b>Carrying amount:</b>				
Balance as of January 1, 2024	<b><u>\$ 88,665</u></b>	<b><u>753</u></b>	<b><u>430</u></b>	<b><u>89,848</u></b>
Balance as of June 30, 2024	<b><u>\$ 84,955</u></b>	<b><u>527</u></b>	<b><u>389</u></b>	<b><u>85,871</u></b>
Balance as of January 1, 2023	<b><u>\$ 35,951</u></b>	<b><u>1,204</u></b>	<b><u>-</u></b>	<b><u>37,155</u></b>
Balance as of June 30, 2023	<b><u>\$ 25,905</u></b>	<b><u>978</u></b>	<b><u>482</u></b>	<b><u>27,365</u></b>

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (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, 2024	\$ 62,910	15,201	78,111
Effect of changes in foreign exchange rates	<u>869</u>	<u>(1,066)</u>	<u>(197)</u>
Balance as of June 30, 2024	<u><b>\$ 63,779</b></u>	<u><b>14,135</b></u>	<u><b>77,914</b></u>
Balance as of January 1, 2023	\$ 61,085	16,168	77,253
Additions	1,542	-	1,542
Effect of changes in foreign exchange rates	<u>(779)</u>	<u>(1,101)</u>	<u>(1,880)</u>
Balance as of June 30, 2023	<u><b>\$ 61,848</b></u>	<u><b>15,067</b></u>	<u><b>76,915</b></u>
<b>Accumulated amortization:</b>			
Balance as of January 1, 2024	\$ 52,331	-	52,331
Amortization	3,757	-	3,757
Effect of changes in foreign exchange rates	<u>642</u>	<u>-</u>	<u>642</u>
Balance as of June 30, 2024	<u><b>\$ 56,730</b></u>	<u><b>-</b></u>	<u><b>56,730</b></u>
Balance as of January 1, 2023	\$ 44,479	-	44,479
Amortization	4,541	-	4,541
Effect of changes in foreign exchange rates	<u>(656)</u>	<u>-</u>	<u>(656)</u>
Balance as of June 30, 2023	<u><b>\$ 48,364</b></u>	<u><b>-</b></u>	<u><b>48,364</b></u>
<b>Carrying value:</b>			
Balance as of January 1, 2024	<u><b>\$ 10,579</b></u>	<u><b>15,201</b></u>	<u><b>25,780</b></u>
Balance as of June 30, 2024	<u><b>\$ 7,049</b></u>	<u><b>14,135</b></u>	<u><b>21,184</b></u>
Balance as of January 1, 2023	<u><b>\$ 16,606</b></u>	<u><b>16,168</b></u>	<u><b>32,774</b></u>
Balance as of June 30, 2023	<u><b>\$ 13,484</b></u>	<u><b>15,067</b></u>	<u><b>28,551</b></u>

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

## (i) Other current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Refundable deposits	\$ 16,961	24,585	19,216
Temporary payment	995	769	693
Income tax refund receivable	<u>290</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 18,246</b></u>	<u><b>25,354</b></u>	<u><b>19,909</b></u>

As of June 30, 2024, December 31, and June 30, 2023, the other current assets were not pledged.



**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Other non-current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Refundable deposits	\$ 19,354	16,344	16,502
Prepayment for equipment	<u>282</u>	<u>6,410</u>	<u>302</u>
	<u><b>\$ 19,636</b></u>	<u><b>22,754</b></u>	<u><b>16,804</b></u>

As of June 30, 2024, December 31, and June 30, 2023, the other non-current assets were pledged, please refer to Note 8.

## (g) Short-term loans

<u>June 30, 2024</u>			
<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>
Unsecured bank loans	NTD	2.075%	2024
			<u><b>\$ 600</b></u>
Unused bank credit lines			<u><b>\$ 2,194,790</b></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><b>\$ 2,000</b></u>
Unused bank credit lines			<u><b>\$ 1,986,057</b></u>
<u>June 30, 2023</u>			
<u>Currency</u>	<u>Interest rate collar</u>	<u>Expiration year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.85%	2024
			<u><b>\$ 150,000</b></u>
Unused bank credit lines			<u><b>\$ 2,060,881</b></u>

## (h) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Wages and salaries payable	\$ 752,004	866,701	637,150
Remuneration payable to employees and directors	110,611	138,203	116,124
Tax Payable	35,996	39,422	42,381
Others	<u>267,157</u>	<u>273,736</u>	<u>221,786</u>
	<u><b>\$ 1,165,768</b></u>	<u><b>1,318,062</b></u>	<u><b>1,017,441</b></u>

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (i) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current	<u>\$ 31,854</u>	<u>24,812</u>	<u>10,837</u>
Non-current	<u>\$ 57,190</u>	<u>65,680</u>	<u>12,049</u>

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

The amount recognized in profit or loss were as follows:

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expenses on lease liabilities	<u>\$ 668</u>	<u>225</u>	<u>1,344</u>	<u>498</u>
Expenses relating to short-term leases	<u>\$ 1,274</u>	<u>2,159</u>	<u>3,243</u>	<u>4,434</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 2,588</u>	<u>2,649</u>	<u>4,621</u>	<u>5,595</u>

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

	<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 21,973</u>	<u>24,822</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 space and equipment. These leases are short-term or leases of low-value items. The Group has selected not to recognize right-of use assets and lease liabilities for these leases.

## (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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Cost of sales	\$ 283	298	566	591
Selling expenses	94	59	175	118
Administration expenses	203	201	420	408
	<b><u>\$ 580</u></b>	<b><u>558</u></b>	<b><u>1,161</u></b>	<b><u>1,117</u></b>

(ii) Defined contribution plans

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

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Cost of sales	117,146	86,409	230,423	170,794
Selling expenses	3,923	3,503	7,639	7,053
Administration expenses	5,643	5,616	11,581	11,693
Research and development expenses	594	548	1,128	1,058
	<b><u>127,306</u></b>	<b><u>96,076</u></b>	<b><u>250,771</u></b>	<b><u>190,598</u></b>

(k) Income tax

(i) Income tax expense

The components of income tax expense were as follows:

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax expense	<b><u>\$ 22,696</u></b>	<b><u>24,507</u></b>	<b><u>39,712</u></b>	<b><u>40,957</u></b>

(ii) There is no income tax recognized directly in equity or other comprehensive income for the three-month periods and six-month periods ended June 30, 2024 and 2023.

(iii) Income tax assessment

- a) The Company's corporate income tax returns for the year through 2022 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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 June 30, 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 June 30, 2024, December 31, and June 30, 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 (including the stock dividends). 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 was resolved to be May 28, 2024, by the Board of Directors. The relevant registration procedures had been completed.

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(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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The appropriations of earning for 2023 and 2022 had been approved by the Company's shareholders' meetings held on May 27, 2024 and May 30, 2023, respectively. The appropriations and dividends were as follows:

	<b>2023</b>	<b>2022</b>
Cash dividends	<b>\$ 361,719</b>	<b>333,342</b>

(iii) Treasury shares

<b>Reason for reacquisition</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>		<b>June 30, 2023</b>	
	<b>In Thousands of Shares</b>	<b>Amount</b>	<b>In Thousands of Shares</b>	<b>Amount</b>	<b>In Thousands of Shares</b>	<b>Amount</b>
Transferring to employees	-	\$ -	484	37,134	484	37,134

- 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. The movements of treasury shares were as follows:

	<b>For the six-month periods ended June 30, 2024</b>		<b>For the six-month periods ended June 30, 2023</b>	
	<b>Number of shares (in thousands)</b>	<b>Amount</b>	<b>Number of shares (in thousands)</b>	<b>Amount</b>
Beginning of Period	484	\$ 37,134	484	37,134
Transferring to employees	(484)	(37,134)	-	-
End of Period	-	\$ -	484	37,134

The Company transferred 484 thousand shares of treasury shares to employees of the Company and subsidiaries, which was approved by the Board of Directors on May 9, 2024. The transfer price was determined based on the adjusted average repurchase price of \$69.94 dollars per share, generating total proceeds of \$33,750 (after deducting the Securities Transaction Tax). As a result of this transfer, the share-based compensation cost recognized amounted to \$31,489. For further details regarding the transfer of treasury shares to employees during the six-month period ended June 30, 2024, please refer to Note 6(m).

- 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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Other equity interest, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>
Balance as of January 1, 2024	\$ (142,252)
Foreign currency translation differences	82,102
Balance as of June 30, 2024	<b>\$ (60,150)</b>
Balance as of January 1, 2023	\$ (77,104)
Foreign currency translation differences	(71,931)
Balance as of June 30, 2023	<b>\$ (149,035)</b>

(m) Share-based payment

Except the following description below, 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.

Treasury shares transferred to employees

The Company granted the treasury shares to eligible employees, including those of the Group in accordance with the relevant plan. The fair value of the share-based payments granted by the Company was measured at the date of grant using the Black Scholes option pricing model. The key terms and conditions related to the grants were disclosed as follows:

<b>Grant date</b>	<b>Total shares granted (in thousands)</b>	<b>Vesting conditions</b>	<b>Share price</b>	<b>Exercise price</b>	<b>Fair value per unit</b>
May 14, 2024	484	Vest immediately	135.0	69.94	65.06

(n) Earnings per share ("EPS")

(i) Basic earnings per share

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net profit belonging to common shareholders	<b>\$ 135,764</b>	<b>132,189</b>	<b>269,660</b>	<b>255,326</b>
Weighted average common stock outstanding (in thousands shares)	<b>72,588</b>	<b>66,844</b>	<b>72,485</b>	<b>66,781</b>

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Basic earnings per share (in dollars)	<u>\$ 1.87</u>	<u>1.98</u>	<u>3.72</u>	<u>3.82</u>

## (ii) Diluted earnings per share

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net profit belonging to common shareholders	<u>\$ 135,764</u>	<u>132,189</u>	<u>269,660</u>	<u>255,326</u>
Weighted average common stock outstanding (in thousands shares)	72,588	66,844	72,485	66,781
Effect of potentially dilutive common stock (in thousands shares)				
Employees' remuneration	295	355	477	570
Employees' remuneration of subsidiary company	-	-	37	47
Treasury shares transferred to employees (in thousands shares)	<u>72</u>	<u>-</u>	<u>36</u>	<u>-</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>72,955</u>	<u>67,199</u>	<u>73,035</u>	<u>67,398</u>
Diluted earnings per share (in dollars)	<u>\$ 1.86</u>	<u>1.97</u>	<u>3.69</u>	<u>3.79</u>

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (o) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Primary geographical markets:				
China	\$ 1,831,534	1,433,710	3,587,852	2,817,204
Taiwan	368,332	377,836	729,179	739,036
Japan	175,722	190,341	341,649	372,598
Other	<u>147,977</u>	<u>125,835</u>	<u>283,557</u>	<u>253,217</u>
	<b><u>\$ 2,523,565</u></b>	<b><u>2,127,722</u></b>	<b><u>4,942,237</u></b>	<b><u>4,182,055</u></b>
Major products:				
IT service revenue	<b><u>\$ 2,523,565</u></b>	<b><u>2,127,722</u></b>	<b><u>4,942,237</u></b>	<b><u>4,182,055</u></b>

## (ii) Balance of contracts

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes and accounts receivable (including related parties)	\$ 3,397,316	2,911,751	2,753,663
Less: loss allowance	<u>(29,131)</u>	<u>(18,196)</u>	<u>(27,245)</u>
	<b><u>\$ 3,368,185</u></b>	<b><u>2,893,555</u></b>	<b><u>2,726,418</u></b>
Contract assets	\$ 10,011	10,297	10,736
Less: loss allowance	<u>(300)</u>	<u>(309)</u>	<u>(322)</u>
	<b><u>\$ 9,711</u></b>	<b><u>9,988</u></b>	<b><u>10,414</u></b>

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

	<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance as of January 1	\$ 309	230
Impairment losses (reversed) recognized	(14)	96
Effect of changes in foreign exchange rate	5	(4)
Balance as of June 30	<b><u>\$ 300</u></b>	<b><u>322</u></b>



**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Contract liabilities	<b>\$ 20,750</b>	<b>19,572</b>	<b>25,106</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 six months ended June 30, 2024 and 2023 that was included in the contract liabilities balance at the beginning of the year was \$10,526 and \$7,782, 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 June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Employee's remuneration	\$ 20,880	21,440	40,400	40,270
Directors' remuneration	2,310	2,470	4,470	5,600
	<b>\$ 23,190</b>	<b>23,910</b>	<b>44,870</b>	<b>45,870</b>

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

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest income	<u>\$ 2,061</u>	<u>1,522</u>	<u>3,914</u>	<u>4,241</u>

(ii) Other income

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Government grants	<u>\$ 3,157</u>	<u>7,196</u>	<u>10,929</u>	<u>10,493</u>

(iii) Other gains and losses

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign exchange gains, net	\$ (79)	1,233	732	2,572
Losses on disposals of property, plant and equipment, net	(65)	(447)	(1,384)	(534)
Gains on lease modification	-	79	-	79
Others	<u>(328)</u>	<u>(142)</u>	<u>(413)</u>	<u>(596)</u>
	<u>\$ (472)</u>	<u>723</u>	<u>(1,065)</u>	<u>1,521</u>

(iv) Finance costs

	<b>For the three-month periods ended June 30</b>		<b>For the six-month periods ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expense	<u>\$ (910)</u>	<u>(1,046)</u>	<u>(1,728)</u>	<u>(2,529)</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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (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:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
<b>As of June 30, 2024</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 600	600	600	-	-
Accounts payable	54,309	54,309	54,309	-	-
Other payables (including related parties and dividends payable)	1,492,250	1,492,250	1,492,250	-	-
Lease liabilities (current and non-current)	89,044	93,827	33,959	22,221	37,647
	<u>\$ 1,636,203</u>	<u>1,640,986</u>	<u>1,581,118</u>	<u>22,221</u>	<u>37,647</u>
<b>As of December 31, 2023</b>					
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)	1,280,178	1,280,178	1,280,178	-	-
Lease liabilities (current and non-current)	90,492	96,169	27,063	25,974	43,132
	<u>\$ 1,443,016</u>	<u>1,448,696</u>	<u>1,379,590</u>	<u>25,974</u>	<u>43,132</u>
<b>As of June 30, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 150,000	150,053	150,053	-	-
Accounts payable	69,278	69,278	69,278	-	-
Other payables (including related parties)	1,308,480	1,308,480	1,308,480	-	-
Lease liabilities (current and non current)	22,886	23,832	11,332	6,772	5,728
	<u>\$ 1,550,644</u>	<u>1,551,643</u>	<u>1,539,143</u>	<u>6,772</u>	<u>5,728</u>

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

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iii) Currency risk

## 1) Exposure to currency risk

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

	June 30, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 627	USD/TWD	32.450	20,352	425	USD/TWD 30.735 13,059
USD	3,051	USD /HKD	7.8086	98,997	3,207	USD /HKD 7.8127 98,577
CNY	1,511	CNY/HKD	1.0745	6,747	2,231	CNY/HKD 1.0992 9,648
JPY	32,940	JPY/HKD	0.0485	6,644	41,485	JPY/HKD 0.0551 9,000
JPY	6,930	JPY/CNY	0.0452	1,398	7,140	JPY/CNY 0.0502 1,549
EUR	62	EUR/TWD	34.7377	2,141	29	EUR/TWD 33.9898 993

Financial LiabilitiesMonetary items

USD	264	USD/HKD	7.8086	8,561	141	USD /HKD 7.8127 4,332
CNY	2,192	CNY/HKD	1.0745	9,788	5,782	CNY/HKD 1.0992 25,001

	June 30, 2023		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 461	USD/TWD	31.135 14,363
USD	2,733	USD /HKD	7.8353 85,083
CNY	2,243	CNY/HKD	1.0833 9,656
JPY	80,648	JPY/HKD	0.0541 17,341
JPY	7,140	JPY/CNY	0.0499 1,535
EUR	46	EUR /TWD	33.7939 1,556

Financial LiabilitiesMonetary items

USD	202	USD/HKD	7.8353 6,281
CNY	6,591	CNY/HKD	1.0833 28,370

## 2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, accounts payable and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the NTD against the USD, CNY and JPY for the six-month period ended June 30, 2024 and 2023 would have increased (decreased) the net profit after tax by \$5,858 and \$4,655, respectively. The analysis assumes that all other variables remain constant.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three-month periods and six-month periods ended June 30, 2024 and 2023, foreign exchange gain (loss), including realized and unrealized portions, amounted to (\$79), \$1,233, \$732 and \$2,572, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income would have decreased / increased by \$3 and \$750 for the six-month period ended June 30, 2024 and 2023, 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(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.

**WITS CORP. AND SUBSIDIARIES**  
**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 six-month period ended June 30, 2024 and 2023, were as follows:

	Cash flows			Non-cash changes		June 30, 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	457,471	(458,871)	-	-	600
Lease liabilities (current and non-current)	90,492	-	(12,765)	9,308	2,009	89,044
	<u>\$ 92,492</u>	<u>457,471</u>	<u>(471,636)</u>	<u>9,308</u>	<u>2,009</u>	<u>89,644</u>

  

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

**(7) Related party transactions**

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Wistron Corporation (Wistron)	The entity with significant influence over the Group
Wistron Digital Technology Holding Company(WDH)	The corporate director of the Company
Wiwynn Corporation (Wiwynn)	Other related parties
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

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (b) Significant transactions with related parties

## (i) Provide service to related parties

	Revenue				Accounts receivable -related parties		
	For the three-month periods ended June 30		For the six-month periods ended June 30		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
Entities with significant influence over the Group	\$ 43,293	77,924	85,477	157,505	30,921	32,759	40,205
Other related parties	7,814	4,399	14,356	8,953	6,477	4,210	3,657
<b>Total</b>	<b>\$ 51,107</b>	<b>82,323</b>	<b>99,833</b>	<b>166,458</b>	<b>37,398</b>	<b>36,969</b>	<b>43,862</b>

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 June 30		For the six-month periods ended June 30		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
Entities with significant influence over the Group	\$ -	-	-	120	-	-	-
Other related parties	138	74	272	106	170	149	78
<b>Total</b>	<b>\$ 138</b>	<b>74</b>	<b>272</b>	<b>226</b>	<b>170</b>	<b>149</b>	<b>78</b>

The price of transactions with related parties were not significantly different from those with third-party vendors. The payment terms, which ranged from one to three months, were also not significantly different from those with third-party vendors.

## (iii) Property transactions

## Disposals of property, plant and equipment

	Disposal price		Other receivables-related parties		
	For the six-month periods ended June 30		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023			
Other related parties (WZS)	\$ -	-	-	524	-

## (iv) Other payables

	Other payables-related parties		
	June 30, 2024	December 31, 2023	June 30, 2023
Other related parties	\$ 589	1,389	-

## (v) Dividend payables

	Other payables-related parties		
	June 30, 2024	December 31, 2023	June 30, 2023
WDH	\$ 83,068	-	78,594

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
Accounts receivable – related parties:			
Accounts receivable	<u>\$ 37,398</u>	<u>36,969</u>	<u>43,862</u>
Other receivables	<u>\$ -</u>	<u>524</u>	<u>-</u>
Accounts payable – related parties:			
Dividends payables	<u>\$ 83,068</u>	<u>-</u>	<u>78,594</u>
Other payables	<u>\$ 759</u>	<u>1,538</u>	<u>78</u>

(vii) Other transactions

The balance of contract assets to other related parties was at the amount of \$826 at the end of June 30, 2024. There were no such transactions on December 31 and June 30, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three-month periods ended June 30</u>		<u>For the six-month periods ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits (note)	\$ 34,176	19,194	56,569	36,651
Post-employment benefits	391	321	781	671
	<u>\$ 34,567</u>	<u>19,515</u>	<u>57,350</u>	<u>37,322</u>

Note: Short-term employee benefits include accrued employee's remuneration, share-based payment.

**(8) Pledged assets**

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
Refundable deposits – other non-current assets	Performance guarantee and warranty	<u>\$ 3,187</u>	<u>2,705</u>	<u>578</u>

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

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

**(11) Subsequent events: None.**



**WITS CORP. 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	For the three-month periods ended, June 30, 2024			For the three-month periods ended, June 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salaries	1,668,072	189,587	1,857,659	1,327,761	192,549	1,520,310
Labor and health insurance	91,522	11,787	103,309	73,094	9,664	82,758
Pension	117,429	10,457	127,886	86,707	9,927	96,634
Others	25,138	3,585	28,723	18,441	3,548	21,989
Depreciation	1,764	18,911	20,675	2,351	17,261	19,612
Amortization	43	1,809	1,852	96	1,953	2,049

By function	For the six-month periods ended, June 30, 2024			For the six-month periods ended, June 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salaries	3,273,110	373,773	3,646,883	2,643,279	371,073	3,014,352
Labor and health insurance	181,666	21,493	203,159	144,898	21,360	166,258
Pension	230,989	20,943	251,932	171,385	20,330	191,715
Others	39,047	7,676	46,723	28,999	6,755	35,754
Depreciation	3,507	36,934	40,441	4,887	35,337	40,224
Amortization	86	3,671	3,757	206	4,335	4,541

**(b) Seasonality of operations**

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

**(13) Other disclosures****(a) General information and segment information**

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six-month period ended June 30, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 1.
- (iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures): None.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Guarantees and endorsements for other parties**

**June 30, 2024**

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	1,800,020	667,080	663,578	-	-	18.43%	3,600,040	Y	N	Y	-
0	The Company	WIBJ	2	1,800,020	44,936	44,655	-	-	1.24%	3,600,040	Y	N	Y	-
0	The Company	WIUS	2	1,800,020	65,084	64,900	-	-	1.80%	3,600,040	Y	N	N	-
0	The Company	WIHK	2	1,800,020	130,168	129,800	-	-	3.61%	3,600,040	Y	N	N	-
0	The Company	WISS	2	1,800,020	15,000	15,000	600	-	0.42%	3,600,040	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.

**WITS CORP. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

**June 30, 2024**

Table 2

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Notes
			Purchases/(Sales)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	
WIWZ	WIHK	Subsidiary - subsidiary company	(Sales)	(107,019)	(3.38)%	Closes its accounts 60 days after the end of each month	Not significantly different from the transactions of the third-parties	Approximately the same with third party transactions	9,788	0.44%	(Note)
WIDL	WIWZ	Parent - subsidiary company	(Sales)	(322,795)	(39.96)%	"	"	"	-	-%	"
WIHK	WIWZ	Subsidiary - subsidiary company	Purchases	107,019	67.11%	"	"	"	(9,788)	(62.42)%	"
WIWZ	WIDL	Parent - subsidiary company	Purchases	322,795	98.27%	"	"	"	-	-%	"

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

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Business relationships and significant intercompany transactions**  
**June 30, 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	Revenue	48,711	Closes its accounts 60 days after the end of each month	0.99%
1	WISS	The Company	2	"	400	"	0.01%
2	WIHK	WIJP	3	"	41,561	"	0.84%
2	WIHK	WIUS	3	"	57,427	"	1.16%
3	WIBJ	WIWZ	3	"	18,574	"	0.38%
3	WIBJ	WIDL	3	"	14,615	"	0.30%
4	WIYC	WIDL	3	"	5,597	"	0.11%
4	WIYC	WIWZ	3	"	205	"	-%
5	WIWZ	WIBJ	3	"	89,884	"	1.82%
5	WIWZ	WIDL	3	"	42,700	"	0.86%
5	WIWZ	WIHK	3	"	107,019	"	2.17%
6	WIHZ	WIWZ	3	"	935	"	0.02%
7	WIDL	WIBJ	3	"	39,901	"	0.81%
7	WIDL	WIWZ	3	"	322,795	"	6.53%
0	The Company	WIHK	1	Accounts receivable-related parties	5,266	"	0.10%

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Business relationships and significant intercompany transactions**  
**June 30, 2024**

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)
1	WISS	The Company	2	Accounts receivable-related parties	400	Closes its accounts 60 days after the end of each month	0.01%
2	WIHK	WIJP	3	"	5,226	"	0.09%
2	WIHK	WIUS	3	"	36,501	"	0.66%
3	WIBJ	WIWZ	3	"	3,313	"	0.06%
3	WIBJ	WIDL	3	"	3,516	"	0.06%
4	WIYC	WIWZ	3	"	220	"	-%
5	WIWZ	WIBJ	3	"	242	"	-%
5	WIWZ	WIDL	3	"	10,472	"	0.19%
5	WIWZ	WIHK	3	"	9,788	"	0.18%
7	WIDL	WIWZ	3	"	6,178	"	0.11%

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.

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Information on investees (excluding investees in mainland China)**

**June 30, 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%	2,886,470	180,232	180,232	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00%	139,269	(3,018)	(3,018)	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00%	72,882	2,442	2,442	"
The Company	WIUS	America	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00%	40,086	2,396	2,396	"
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00%	2,023	(386)	(386)	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00%	2,886,336	180,232	180,232	"

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

**WITS Corp. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Information on investment in Mainland China**  
**June 30, 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 June 30, 2024	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Notes 2、8)	Carrying amount as of June 30, 2024 (Note 2、8)	Accumulated inward remittance of earnings as of June 30, 2024	Notes
					Outflow	Inflow							
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1)1.	169,420	-	-	169,420	180,317 (Note 3)	100.00%	180,317 (Note 3)	2,883,543	-	-
WIWZ	Research, develop, design of software, and information consulting service	932,328	(Note 1)2.	-	-	-	-	167,402 (Note 3)	100.00%	167,402 (Note 3)	1,932,706	-	(Note 7)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	186 (Note 3)	100.00%	186 (Note 3)	19,364	-	-
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	70 (Note 3)	100.00%	70 (Note 3)	421	-	-
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	32,116 (Note 3)	100.00%	32,116 (Note 3)	153,990	-	-
WIYN	Research, develop, design of software, and information consulting service	6,965	(Note 1)2.	-	-	-	-	(123) (Note 3)	100.00%	(123) (Note 3)	7,021	-	-

## 2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2024 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
231,413 (USD 7,131,356 )	1,897,071 (USD 58,461,356 )	2,160,024

(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.



**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Information on investment in Mainland China**

**June 30, 2024**

(Note 2) : The amount of the net income (losses) and the investee company carrying value as of June 30, 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 June 30, 2024, which was USD: NTD = 1: 32.450.

(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 six-month period ended June 30, 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".

**WITS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**Information on major shareholders**  
**June 30, 2024**

Table 6

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