

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

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 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.

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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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the related consolidated statements of changes in equity and cash flows for the nine months ended September 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023 and its consolidated cash flows for the nine months ended September 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)
November 7, 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
September 30, 2024, December 31 and September 30, 2023
(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2024		December 31, 2023		September 30, 2023			Liabilities and Equity	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 1,126,866	21	1,376,164	26	988,214	21	2100 Short-term borrowings (note 6(g))	\$ -	-	2,000	-	66,316	2	
1140 Current contract assets (note 6(o) and 7)	15,927	-	9,988	-	10,087	-	2130 Current contract liabilities (notes 6(o))	20,343	-	19,572	-	18,292	-	
1170 Notes and accounts receivable, net (notes 6(b)(o))	3,116,970	59	2,856,586	54	2,849,908	60	2170 Accounts payable	60,516	1	70,346	2	66,856	2	
1180 Accounts receivable-related parties, net (notes 6(b)(o) and 7)	41,463	1	36,969	1	41,374	1	2219 Other payables (note 6(h)(p))	1,136,635	21	1,318,062	25	997,064	21	
1200 Other receivables	237	-	375	-	1,049	-	2220 Other payables-related parties (note 7)	725	-	1,538	-	565	-	
1210 Other receivables-related parties (notes 7)	-	-	524	-	-	-	2230 Current tax liabilities	35,471	1	57,255	1	43,111	1	
1220 Current tax assets	6,436	-	1,781	-	899	-	2399 Other current liabilities	69,120	1	51,267	1	59,805	1	
1410 Prepayments	28,523	1	16,751	-	22,619	-	2280 Current lease liabilities (note 6(i))	32,625	1	24,812	1	10,939	-	
1470 Other current assets (notes 6(f) and 8)	28,172	1	25,354	1	22,058	-	Total current liabilities	1,355,435	25	1,544,852	30	1,262,948	27	
Total current assets	4,364,594	83	4,324,492	82	3,936,208	82	Non-Current liabilities:							
Non-current assets:							2570 Deferred tax liabilities	89,374	2	88,636	2	80,787	2	
1600 Property, plant and equipment (notes 6(c))	758,127	14	736,498	14	749,710	16	2580 Non-current lease liabilities (note 6(i))	50,964	1	65,680	1	13,385	-	
1755 Right-of-use assets (note 6(d))	80,059	2	89,848	2	28,134	1	2640 Net defined benefit liability, non-current	12,768	-	11,313	-	13,318	-	
1780 Intangible assets (note 6(e))	22,786	-	25,780	1	27,075	-	2670 Other non-current liabilities	2,260	-	2,214	-	2,208	-	
1840 Deferred tax assets	41,364	1	38,058	1	34,516	1	Total non-current liabilities	155,366	3	167,843	3	109,698	2	
1900 Other non-current assets (notes 6(f) and 8)	20,779	-	22,754	-	11,467	-	Total liabilities	1,510,801	28	1,712,695	33	1,372,646	29	
Total non-current assets	923,115	17	912,938	18	850,902	18	Equity (notes 6(l)(m)):							
							3100 Capital stock	729,652	14	728,277	14	728,277	15	
							3200 Capital surplus	1,316,132	25	1,269,314	24	1,269,314	27	
							3300 Retained earnings	1,750,495	33	1,706,530	33	1,533,959	32	
							3400 Other equity	(19,371)	-	(142,252)	(3)	(79,952)	(2)	
							3500 Treasury shares	-	-	(37,134)	(1)	(37,134)	(1)	
							Total equity	3,776,908	72	3,524,735	67	3,414,464	71	
							Total liabilities and equity	\$ 5,287,709	100	5,237,430	100	4,787,110	100	
Total assets	\$ 5,287,709	100	5,237,430	100	4,787,110	100								

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 nine months ended September 30, 2024 and 2023

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

	For the three-month periods ended September 30				For the nine-month periods ended September 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net revenue (notes 6(o) and 7)	\$ 2,611,782	100	2,220,500	100	\$ 7,554,019	100	\$ 6,402,555	100
5000	Cost of Sales (notes 6(c)(d)(e)(i)(j)(l) and 12)	(2,141,695)	(82)	(1,764,354)	(79)	(6,215,799)	(82)	(5,117,309)	(80)
	Gross profit	<u>470,087</u>	<u>18</u>	<u>456,146</u>	<u>21</u>	<u>1,338,220</u>	<u>18</u>	<u>1,285,246</u>	<u>20</u>
	Operating expenses (notes 6(b)(c)(d)(e)(i)(j)(l)(m)(o)(p), 7 and 12)								
6100	Selling expenses	(74,598)	(3)	(59,920)	(3)	(228,507)	(3)	(177,319)	(3)
6200	Administrative expenses	(230,465)	(8)	(209,816)	(9)	(607,688)	(8)	(613,925)	(10)
6300	Research and development expenses	(12,435)	(1)	(11,556)	(1)	(36,393)	(1)	(34,164)	-
6450	Expected credit losses	(8,470)	-	(15,973)	(1)	(24,191)	-	(18,400)	-
	Total operating expenses	<u>(325,968)</u>	<u>(12)</u>	<u>(297,265)</u>	<u>(14)</u>	<u>(896,779)</u>	<u>(12)</u>	<u>(843,808)</u>	<u>(13)</u>
	Net operating income	<u>144,119</u>	<u>6</u>	<u>158,881</u>	<u>7</u>	<u>441,441</u>	<u>6</u>	<u>441,438</u>	<u>7</u>
	Non-operating income and expenses (notes 6(i)(q)):								
7100	Interest income	1,770	-	2,006	-	5,648	-	6,247	-
7010	Other income	1,735	-	13,918	1	12,664	-	24,411	-
7020	Other gains and losses	(2,296)	-	715	-	(3,361)	-	2,236	-
7050	Finance costs	(765)	-	(712)	-	(2,493)	-	(3,241)	-
	Total non-operating income and expenses	<u>444</u>	<u>-</u>	<u>15,927</u>	<u>1</u>	<u>12,494</u>	<u>-</u>	<u>29,653</u>	<u>-</u>
	Profit before tax	<u>144,563</u>	<u>6</u>	<u>174,808</u>	<u>8</u>	<u>453,935</u>	<u>6</u>	<u>471,091</u>	<u>7</u>
7950	Income tax expenses (note 6(k))	(8,539)	(1)	(12,270)	(1)	(48,251)	(1)	(53,227)	(1)
	Net profit	<u>136,024</u>	<u>5</u>	<u>162,538</u>	<u>7</u>	<u>405,684</u>	<u>5</u>	<u>417,864</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	40,779	-	69,083	3	122,881	2	(2,848)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>40,779</u>	<u>-</u>	<u>69,083</u>	<u>3</u>	<u>122,881</u>	<u>2</u>	<u>(2,848)</u>	<u>-</u>
8300	Other comprehensive (loss) income	<u>40,779</u>	<u>-</u>	<u>69,083</u>	<u>3</u>	<u>122,881</u>	<u>2</u>	<u>(2,848)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 176,803</u>	<u>5</u>	<u>231,621</u>	<u>10</u>	<u>528,565</u>	<u>7</u>	<u>415,016</u>	<u>6</u>
	Earnings per share (in dollars) (note 6(n))								
9750	Basic earnings per share	<u>\$ 1.86</u>		<u>2.29</u>		<u>5.58</u>		<u>6.13</u>	
9850	Diluted earnings per share	<u>\$ 1.85</u>		<u>2.27</u>		<u>5.53</u>		<u>6.07</u>	

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 nine months ended September 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	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	
Balance at January 1, 2023	\$ 671,523	791,658	222,379	107,053	1,120,005	1,449,437	(77,104)	(37,134)	2,798,380
Net profit	-	-	-	-	417,864	417,864	-	-	417,864
Other comprehensive income	-	-	-	-	-	-	(2,848)	-	(2,848)
Total comprehensive income	-	-	-	-	417,864	417,864	(2,848)	-	415,016
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	55,602	-	(55,602)	-	-	-	-
Cash dividends	-	-	-	-	(333,342)	(333,342)	-	-	(333,342)
Reversal of special reserve	-	-	-	(29,949)	29,949	-	-	-	-
Issuance of ordinary shares for cash	55,000	448,410	-	-	-	-	-	-	503,410
Compensation cost of employee stock options	-	11,000	-	-	-	-	-	-	11,000
New share issued through employees' remuneration	1,754	18,246	-	-	-	-	-	-	20,000
Balance at September 30, 2023	\$ 728,277	1,269,314	277,981	77,104	1,178,874	1,533,959	(79,952)	(37,134)	3,414,464
Balance at January 1, 2024	\$ 728,277	1,269,314	277,981	77,104	1,351,445	1,760,530	(142,252)	(37,134)	3,524,735
Net profit	-	-	-	-	405,684	405,684	-	-	405,684
Other comprehensive income	-	-	-	-	-	-	122,881	-	122,881
Total comprehensive income	-	-	-	-	405,684	405,684	122,881	-	528,565
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	-	88	-	-	-	-	-	-	88
Compensation cost of treasury shares transferred to employees	-	31,489	-	-	-	-	-	-	31,489
Treasury shares transferred to employees	-	(3,384)	-	-	-	-	-	37,134	33,750
New share issued through employees' remuneration	1,375	18,625	-	-	-	-	-	-	20,000
Balance at September 30, 2024	\$ 729,652	1,316,132	337,025	142,252	1,271,218	1,750,495	(19,371)	-	3,776,908

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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine-month periods ended September 30	
	2024	2023
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 453,935	471,091
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	60,915	59,160
Amortization expense	5,738	6,469
Expected credit losses	24,191	18,400
Interest expense	2,493	3,241
Interest income	(5,684)	(6,247)
Compensation cost arising from share-based payments	31,489	11,000
Loss on disposal of property, plant and equipment	1,648	518
Gain on lease modification	-	(79)
Total adjustments to reconcile profit	<u>120,790</u>	<u>92,462</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in current contract assets	(5,804)	(2,714)
Increase in notes and accounts receivable, net	(198,627)	(499,555)
(Increase) Decrease in accounts receivable-related parties	(4,469)	14,351
(Increase) Decrease in other receivables	(182)	562
Decrease in other receivables-related parties	539	-
Increase in prepayments	(11,039)	(2,730)
(Increase) Decrease in other current assets	(2,401)	550
Total changes in operating assets	<u>(221,983)</u>	<u>(489,536)</u>
Changes in operating liabilities:		
Increase in contract liabilities	556	2,603
Decrease in accounts payable	(11,628)	(8,965)
Decrease in other payables	(196,506)	(202,149)
(Decrease) increase in other payables-related parties	(813)	544
Increase in other current liabilities	16,148	10,661
Increase in net defined benefit liability	1,455	529
Total changes in operating liabilities	<u>(190,788)</u>	<u>(196,777)</u>
Net changes in operating assets and liabilities	<u>(412,771)</u>	<u>(686,313)</u>
Total changes in operating assets and liabilities	<u>(291,981)</u>	<u>(593,851)</u>
Cash generated from (used in) operations	161,954	(122,760)
Interest received	6,011	6,194
Interest paid	(2,493)	(3,339)
Income taxes paid	(77,301)	(64,696)
Net cash generated from (used in) operating activities	<u>88,171</u>	<u>(184,601)</u>
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(21,952)	(8,361)
Proceeds from disposal of property, plant and equipment	54	311
(Increase) Decrease in refundable deposits	(1,767)	1,889
Acquisition of intangible assets	(2,198)	(1,728)
Increase in other non-current assets	(1,476)	(311)
Net cash used in investing activities	<u>(27,339)</u>	<u>(8,200)</u>
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	525,710	1,579,065
Repayments of short-term loans	(527,710)	(1,671,154)
Repayments of long-term loans	-	(56,709)
Repayments of the principal portion of lease liabilities	(20,395)	(20,028)
Payment of cash dividends	(361,719)	(333,342)
Issuance of ordinary shares for cash (net of issuance costs)	-	503,410
Treasury shares transferred to employees	33,750	-
Other changes in capital surplus	88	-
Net cash generated from (used in) financing activities	<u>(350,276)</u>	<u>1,242</u>
Effect of exchange rate changes on cash and cash equivalents	<u>40,146</u>	<u>(5,042)</u>
Net Decrease in cash and cash equivalents	(249,298)	(196,601)
Cash and cash equivalents at beginning of period	1,376,164	1,184,815
Cash and cash equivalents at end of period	<u>\$ 1,126,866</u>	<u>\$ 988,214</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

September 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 nine months ended September 30, 2024 and 2023 were authorized for issue by the Board of Directors on November 7, 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

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”
- 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
				2024.09.30	2023.12.31	2023.09.30	
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
				2024.09.30	2023.12.31	2023.09.30	
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
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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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 451	388	422
Demand and checking deposits	1,101,727	1,016,398	825,998
Time deposits	<u>24,688</u>	<u>359,378</u>	<u>161,794</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,126,866</u>	<u>1,376,164</u>	<u>988,214</u>

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 89,926	71,596	80,716
Accounts receivable	3,064,757	2,803,186	2,799,865
Accounts receivable-related parties	41,463	36,969	41,374
Less: Loss allowance	<u>(37,713)</u>	<u>(18,196)</u>	<u>(30,673)</u>
	<u>\$ 3,158,433</u>	<u>2,893,555</u>	<u>2,891,282</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.

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provision was determined as follows:

	September 30, 2024		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 2,401,919	0~1.320%	1,724
Overdue within 30 days	372,547	0~50%	3,162
Overdue 31~60 days	138,722	0~50%	1,605
Overdue 61~120 days	179,624	0~50%	4,392
Overdue 121~180 days	72,602	0~50%	2,849
Overdue 181~365 days	27,113	0~81.104%	20,362
Overdue more than 365 days	3,619	100%	3,619
	<u>\$ 3,196,146</u>		<u>37,713</u>
	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
	<u>\$ 2,911,751</u>		<u>18,196</u>
	September 30, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss allowance
Not overdue	\$ 2,201,447	0~1.376%	1,758
Overdue within 30 days	360,003	0~5.978%	2,459
Overdue 31~60 days	102,628	0~20%	983
Overdue 61~120 days	172,529	0~23.289%	2,351
Overdue 121~180 days	45,930	0~40.218%	1,800
Overdue 181~365 days	31,209	0~68.962%	13,113
Overdue more than 365 days	8,209	100%	8,209
	<u>\$ 2,921,955</u>		<u>30,673</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the nine-month periods ended September 30	
	2024	2023
Balance as of January 1	\$ 18,196	25,657
Impairment losses recognized	24,017	18,318
Amounts written off	(12,202)	(13,332)
Collection of write-offs	6,635	-
Effect of changes in foreign exchange rate	1,067	30
Balance as of September 30	\$ 37,713	30,673

As of September 30, 2024, December 31 and September 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:

	Land	Buildings and structures	Computers and other equipment	Transportation equipment	Office equipment	Lease improvements	Total
Cost :							
Balance as of January 1, 2024	\$ 190,856	569,412	130,453	3,925	49,792	36,988	981,426
Additions	-	1,097	9,661	-	3,556	7,638	21,952
Reclassification (note)	-	21,378	-	-	676	5,873	27,927
Disposals	-	-	(11,008)	-	(847)	(9,952)	(21,807)
Effect of changes in foreign exchange rates	-	11,283	2,725	169	1,767	1,510	17,454
Balance as of September 30, 2024	\$ 190,856	603,170	131,831	4,049	54,944	42,057	1,026,952
Balance as of January 1, 2023	\$ 190,856	574,936	134,357	4,012	50,503	37,036	991,700
Additions	-	-	5,402	-	574	2,385	8,361
Disposals	-	-	(11,223)	-	(429)	(1,638)	(13,290)
Effect of changes in foreign exchange rates	-	64	(99)	1	(95)	(141)	(270)
Balance as of September 30, 2023	\$ 190,856	575,000	128,437	4,013	50,553	37,642	986,501
Accumulated depreciation :							
Balance as of January 1, 2024	\$ -	80,054	98,664	2,159	36,895	27,156	244,928
Depreciation	-	14,180	11,928	606	6,198	4,790	37,702
Disposals	-	-	(10,618)	-	(731)	(8,756)	(20,105)
Effect of changes in foreign exchange rates	-	1,676	2,212	101	1,332	979	6,300
Balance as of September 30, 2024	\$ -	95,910	102,186	2,866	43,694	24,169	268,825
Balance as of January 1, 2023	\$ -	62,387	91,518	1,404	29,698	24,603	209,610
Depreciation	-	13,833	14,663	599	6,322	3,315	38,732
Disposals	-	-	(9,951)	-	(353)	(1,208)	(11,512)
Effect of changes in foreign exchange rates	-	36	16	3	(53)	(41)	(39)
Balance as of September 30, 2023	\$ -	76,256	96,246	2,006	35,614	26,669	236,791
Carrying value :							
Balance as of January 1, 2024	\$ 190,856	489,358	31,789	1,766	12,897	9,832	736,498
Balance as of September 30, 2024	\$ 190,856	507,260	29,645	1,228	11,250	17,888	758,127
Balance as of January 1, 2023	\$ 190,856	512,549	42,839	2,608	20,805	12,433	782,090
Balance as of September 30, 2023	\$ 190,856	498,744	32,191	2,007	14,939	10,973	749,710

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

(d) Right-of-use assets

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

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2024	\$ 109,028	1,355	533	110,916
Additions	11,455	-	-	11,455
Decrease	(2,275)	-	-	(2,275)
Effect of changes in foreign exchange rates	4,126	-	23	4,149
Balance as of September 30, 2024	<u>\$ 122,334</u>	<u>1,355</u>	<u>556</u>	<u>124,245</u>
Balance as of January 1, 2023	\$ 86,650	1,355	-	88,005
Additions	23,288	-	548	23,836
Decrease	(37,142)	-	-	(37,142)
Effect of changes in foreign exchange rates	(743)	-	(3)	(746)
Balance as of September 30, 2023	<u>\$ 72,053</u>	<u>1,355</u>	<u>545</u>	<u>73,953</u>
Accumulated depreciation:				
Balance as of January 1, 2024	\$ 20,363	602	103	21,068
Depreciation	22,792	339	82	23,213
Decrease	(1,072)	-	-	(1,072)
Effect of changes in foreign exchange rates	972	-	5	977
Balance as of September 30, 2024	<u>\$ 43,055</u>	<u>941</u>	<u>190</u>	<u>44,186</u>
Balance as of January 1, 2023	\$ 50,699	151	-	50,850
Depreciation	20,013	338	77	20,428
Decrease	(24,937)	-	-	(24,937)
Effect of changes in foreign exchange rates	(523)	-	1	(522)
Balance as of September 30, 2023	<u>\$ 45,252</u>	<u>489</u>	<u>78</u>	<u>45,819</u>
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 September 30, 2024	<u>\$ 79,279</u>	<u>414</u>	<u>366</u>	<u>80,059</u>
Balance as of January 1, 2023	<u>\$ 35,951</u>	<u>1,204</u>	<u>-</u>	<u>37,155</u>
Balance as of September 30, 2023	<u>\$ 26,801</u>	<u>866</u>	<u>467</u>	<u>28,134</u>

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>
Cost:			
Balance as of January 1, 2024	\$ 62,910	15,201	78,111
Additions	2,198	-	2,198
Effect of changes in foreign exchange rates	<u>1,261</u>	<u>315</u>	<u>1,576</u>
Balance as of September 30, 2024	<u>\$ 66,369</u>	<u>15,516</u>	<u>81,885</u>
Balance as of January 1, 2023	\$ 61,085	16,168	77,253
Additions	1,728	-	1,728
Effect of changes in foreign exchange rates	<u>(24)</u>	<u>(1,010)</u>	<u>(1,034)</u>
Balance as of September 30, 2023	<u>\$ 62,789</u>	<u>15,158</u>	<u>77,947</u>
Accumulated amortization:			
Balance as of January 1, 2024	\$ 52,331	-	52,331
Amortization	5,738	-	5,738
Effect of changes in foreign exchange rates	<u>1,030</u>	<u>-</u>	<u>1,030</u>
Balance as of September 30, 2024	<u>\$ 59,099</u>	<u>-</u>	<u>59,099</u>
Balance as of January 1, 2023	\$ 44,479	-	44,479
Amortization	6,469	-	6,469
Effect of changes in foreign exchange rates	<u>(76)</u>	<u>-</u>	<u>(76)</u>
Balance as of September 30, 2023	<u>\$ 50,872</u>	<u>-</u>	<u>50,872</u>
Carrying value:			
Balance as of January 1, 2024	<u>\$ 10,579</u>	<u>15,201</u>	<u>25,780</u>
Balance as of September 30, 2024	<u>\$ 7,270</u>	<u>15,516</u>	<u>22,786</u>
Balance as of January 1, 2023	<u>\$ 16,606</u>	<u>16,168</u>	<u>32,774</u>
Balance as of September 30, 2023	<u>\$ 11,917</u>	<u>15,158</u>	<u>27,075</u>

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

(i) Other current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Refundable deposits	\$ 24,969	24,585	20,989
Temporary payment	2,523	769	1,064
Income tax refund receivable	<u>680</u>	<u>-</u>	<u>5</u>
	<u>\$ 28,172</u>	<u>25,354</u>	<u>\$ 22,058</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other non-current assets

	September 30, 2024	December 31, 2023	September 30, 2023
Refundable deposits	\$ 19,308	16,344	11,157
Prepayment for equipment	<u>1,471</u>	<u>6,410</u>	<u>310</u>
	<u>\$ 20,779</u>	<u>22,754</u>	<u>11,467</u>

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

(g) Short-term loans

December 31, 2023			
Currency	Interest rate collar	Expiration year	Amount
Unsecured bank loans	NTD	1.95%	2024
			<u>\$ 2,000</u>
Unused bank credit lines			<u>\$ 1,986,057</u>
September 30, 2023			
Currency	Interest rate collar	Expiration year	Amount
Unsecured bank loans	RMB	2.85%	2023
			<u>\$ 66,316</u>
Unused bank credit lines			<u>\$ 1,905,774</u>

As of September 30, 2024, the Group had no short-term loans. Additionally, the unused bank credit lines amount of short-term loans as of September 30, 2024, is \$2,014,762.

(h) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Wages and salaries payable	\$ 696,473	866,701	609,867
Remuneration payable to employees and directors	113,346	138,203	111,688
Tax Payable	36,754	39,422	25,817
Others	<u>290,062</u>	<u>273,736</u>	<u>249,692</u>
	<u>\$ 1,136,635</u>	<u>1,318,062</u>	<u>997,064</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 32,625</u>	<u>24,812</u>	<u>10,939</u>
Non-current	<u>\$ 50,964</u>	<u>65,680</u>	<u>13,385</u>

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

The amount recognized in profit or loss were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Interest expenses on lease liabilities	<u>\$ 620</u>	<u>176</u>	<u>1,964</u>	<u>674</u>
Expenses relating to short-term leases	<u>\$ 1,426</u>	<u>2,008</u>	<u>4,669</u>	<u>6,442</u>
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 2,455</u>	<u>2,270</u>	<u>7,076</u>	<u>7,865</u>

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

	For the nine-month periods ended September 30	
	2024	2023
Total cash outflow for leases	<u>\$ 34,104</u>	<u>35,009</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

WITS CORP. AND SUBSIDIARIES
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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 September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Cost of sales	\$ 272	284	838	875
Selling expenses	101	87	276	205
Administration expenses	208	188	628	596
	<u>\$ 581</u>	<u>559</u>	<u>1,742</u>	<u>1,676</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 September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Cost of sales	125,309	96,381	355,732	267,175
Selling expenses	4,128	3,611	11,767	10,664
Administration expenses	6,228	5,863	17,809	17,556
Research and development expenses	592	543	1,720	1,601
	<u>136,257</u>	<u>106,398</u>	<u>387,028</u>	<u>296,996</u>

(k) Income tax

(i) Income tax expense

The components of income tax expense were as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Current tax expense	<u>\$ 8,539</u>	<u>12,270</u>	<u>48,251</u>	<u>53,227</u>

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

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to September 30, 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 September 30, 2024, December 31, and September 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 72,828 thousand shares, respectively, were issued (including the stock dividends). And the actual share capital amounts were \$729,652, \$728,277 and \$728,277. 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.

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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:

	2023	2022
Cash dividends	\$ 361,719	333,342

(iii) Treasury shares

Reason for reacquisition	September 30, 2024		December 31, 2023		September 30, 2023	
	In Thousands of Shares	Amount	In Thousands of Shares	Amount	In Thousands of Shares	Amount
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:

	For the nine-month periods ended September 30, 2024		For the nine-month periods ended September 30, 2023	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
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 nine-month period ended September 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

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2024	\$ (142,252)
Foreign currency translation differences	122,881
Balance as of September 30, 2024	<u>\$ (19,371)</u>
Balance as of January 1, 2023	\$ (77,104)
Foreign currency translation differences	(2,848)
Balance as of September 30, 2023	<u>\$ (79,952)</u>

(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:

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

(n) Earnings per share ("EPS")

(i) Basic earnings per share

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net profit belonging to common shareholders	<u>\$ 136,024</u>	<u>162,538</u>	<u>405,684</u>	<u>417,864</u>
Weighted average common stock outstanding (in thousands shares)	<u>72,965</u>	<u>70,909</u>	<u>72,646</u>	<u>68,172</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Basic earnings per share (in dollars)	<u>\$ 1.86</u>	<u>2.29</u>	<u>5.58</u>	<u>6.13</u>

(ii) Diluted earnings per share

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Net profit belonging to common shareholders	<u>\$ 136,024</u>	<u>162,538</u>	<u>405,684</u>	<u>417,864</u>
Weighted average common stock outstanding (in thousands shares)	72,965	70,909	72,646	68,172
Effect of potentially dilutive common stock (in thousands shares)				
Employees' remuneration	533	545	654	688
Employees' remuneration of subsidiary company	-	-	24	31
Treasury shares transferred to employees (in thousands shares)	<u>-</u>	<u>-</u>	<u>24</u>	<u>-</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>73,498</u>	<u>71,454</u>	<u>73,348</u>	<u>68,891</u>
Diluted earnings per share (in dollars)	<u>\$ 1.85</u>	<u>2.27</u>	<u>5.53</u>	<u>6.07</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Primary geographical markets:				
China	\$ 1,899,844	1,527,806	5,487,696	4,345,010
Taiwan	384,425	373,269	1,113,604	1,112,305
Japan	174,714	189,109	561,363	561,707
Other	<u>152,799</u>	<u>130,316</u>	<u>436,356</u>	<u>383,533</u>
	<u>\$ 2,611,782</u>	<u>2,220,500</u>	<u>7,554,019</u>	<u>6,402,555</u>
Major products:				
IT service revenue	<u>\$ 2,611,782</u>	<u>2,220,500</u>	<u>7,554,019</u>	<u>6,402,555</u>

(ii) Balance of contracts

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable (including related parties)	\$ 3,196,146	2,911,751	2,921,955
Less: loss allowance	<u>(37,713)</u>	<u>(18,196)</u>	<u>(30,673)</u>
	<u>\$ 3,158,433</u>	<u>2,893,555</u>	<u>2,891,282</u>
Contract assets	\$ 16,420	10,297	10,399
Less: loss allowance	<u>(493)</u>	<u>(309)</u>	<u>(312)</u>
	<u>\$ 15,927</u>	<u>9,988</u>	<u>10,087</u>

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

	For the nine-month periods ended September 30	
	2024	2023
Balance as of January 1	\$ 309	230
Impairment losses (reversed) recognized	174	82
Effect of changes in foreign exchange rate	<u>10</u>	<u>-</u>
Balance as of September 30	<u>\$ 493</u>	<u>312</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities	\$ 20,343	19,572	18,292

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

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

The amount of revenue recognized for the nine months ended September 30, 2024 and 2023 that was included in the contract liabilities balance at the beginning of the year was \$12,636 and \$10,517, 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:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
	Employee's remuneration	\$ 20,360	23,820	60,760
Directors' remuneration	2,260	1,500	6,730	7,100
	\$ 22,620	25,320	67,490	71,190

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.

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 resolved by the Board of Directors were in agreement with those amounts recognized. Related information would be available at the Market Observation Post System website.

(q) Non-operating income and expenses

(i) Interest income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Interest income	<u>\$ 1,770</u>	<u>2,006</u>	<u>5,684</u>	<u>6,247</u>

(ii) Other income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Government grants	<u>\$ 1,735</u>	<u>13,918</u>	<u>12,664</u>	<u>24,411</u>

(iii) Other gains and losses

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Foreign exchange gains, net	\$ 340	2,213	1,072	4,785
Losses on disposals of property, plant and equipment, net	(264)	16	(1,648)	(518)
Gains on lease modification	-	-	-	79
Others	<u>(2,372)</u>	<u>(1,514)</u>	<u>(2,785)</u>	<u>(2,110)</u>
	<u>\$ (2,296)</u>	<u>715</u>	<u>(3,361)</u>	<u>2,236</u>

(iv) Finance costs

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2024	2023	2024	2023
Interest expense	<u>\$ (765)</u>	<u>(712)</u>	<u>(2,493)</u>	<u>(3,241)</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>
As of September 30, 2024					
Non-derivative financial liabilities					
Accounts payable	\$ 60,516	60,516	60,516	-	-
Other payables (including related parties and dividends payable)	1,100,606	1,100,606	1,100,606	-	-
Lease liabilities (current and non-current)	<u>83,589</u>	<u>87,832</u>	<u>34,546</u>	<u>18,847</u>	<u>34,439</u>
	<u>\$ 1,244,711</u>	<u>1,248,954</u>	<u>1,195,668</u>	<u>18,847</u>	<u>34,439</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)	1,280,178	1,280,178	1,280,178	-	-
Lease liabilities (current and non-current)	<u>90,492</u>	<u>96,169</u>	<u>27,063</u>	<u>25,974</u>	<u>43,132</u>
	<u>\$ 1,443,016</u>	<u>1,448,696</u>	<u>1,379,590</u>	<u>25,974</u>	<u>43,132</u>
As of September 30, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 66,316	66,458	66,458	-	-
Accounts payable	66,856	66,856	66,856	-	-
Other payables (including related parties)	971,812	971,812	971,812	-	-
Lease liabilities (current and non current)	<u>24,324</u>	<u>25,272</u>	<u>11,484</u>	<u>9,429</u>	<u>4,359</u>
	<u>\$ 1,129,308</u>	<u>1,130,398</u>	<u>1,116,610</u>	<u>9,429</u>	<u>4,359</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:

	September 30, 2024			December 31, 2023			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$ 540	USD/TWD	31.651	17,107	425	USD/TWD 30.735	13,059
USD	3,118	USD /HKD	7.7665	98,703	3,207	USD /HKD 7.8127	98,577
CNY	81	CNY/HKD	1.1069	365	2,231	CNY/HKD 1.0992	9,648
JPY	33,466	JPY/HKD	0.0543	7,410	41,485	JPY/HKD 0.0551	9,000
JPY	6,930	JPY/CNY	0.0491	1,534	7,140	JPY/CNY 0.0502	1,549
EUR	34	EUR/TWD	35.3099	1,206	29	EUR/TWD 33.9898	993

Financial LiabilitiesMonetary items

USD	153	USD/HKD	7.7665	4,831	141	USD /HKD 7.8127	4,332
CNY	1,503	CNY/HKD	1.1069	6,778	5,782	CNY/HKD 1.0992	25,001

	September 30, 2023			
	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 462	USD/TWD	32.268	14,901
USD	2,855	USD /HKD	7.8256	92,139
CNY	1,978	CNY/HKD	1.0722	8,747
JPY	43,034	JPY/HKD	0.0525	9,307
JPY	7,140	JPY/CNY	0.0489	1,544
EUR	20	EUR /TWD	33.9427	681

Financial LiabilitiesMonetary items

USD	239	USD/HKD	7.8256	7,711
CNY	3,643	CNY/HKD	1.0722	16,107

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, accounts payable and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the NTD against the USD, CNY and JPY for the nine-month period ended September 30, 2024 and 2023 would have increased (decreased) the net profit after tax by \$5,681 and \$5,104, 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 nine-month periods ended September 30, 2024 and 2023, foreign exchange gain (loss), including realized and unrealized portions, amounted to \$340, \$2,213, \$1,072 and \$4,785, 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 \$0 and \$497 for the nine-month period ended September 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 nine-month period ended September 30, 2024 and 2023, were as follows:

	Cash flows			Non-cash changes		September 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	525,710	(525,710)	-	-	-
Lease liabilities (current and non-current)	90,492	-	(20,395)	10,252	3,240	83,589
	<u>\$ 92,492</u>	<u>525,710</u>	<u>(548,105)</u>	<u>10,252</u>	<u>3,240</u>	<u>83,589</u>
	Cash flows			Non-cash changes		September 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	1,579,065	(1,671,154)	-	330	66,316
Long-term loans (including current portion)	56,408	-	(56,709)	-	301	-
Lease liabilities (current and non-current)	32,995	-	(20,028)	11,552	(195)	24,324
	<u>\$ 247,478</u>	<u>1,579,065</u>	<u>(1,747,891)</u>	<u>11,552</u>	<u>436</u>	<u>90,640</u>

(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 September 30		For the nine-month periods ended September 30		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Entities with significant influence over the Group	\$ 44,414	57,315	129,891	214,820	31,159	32,759	37,419
Other related parties	10,077	6,818	24,433	15,771	10,304	4,210	3,955
Total	<u>\$ 54,491</u>	<u>64,133</u>	<u>154,324</u>	<u>230,591</u>	<u>41,463</u>	<u>36,969</u>	<u>41,374</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 September 30		For the nine-month periods ended September 30		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Entities with significant influence over the Group	\$ -	-	-	120	-	-	-
The corporate director of the Company	287	231	287	231	301	-	243
Other related parties	142	6	414	112	3	149	4
Total	<u>\$ 429</u>	<u>237</u>	<u>701</u>	<u>463</u>	<u>304</u>	<u>149</u>	<u>247</u>

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 nine-month periods ended September 30		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023			
Other related parties (WZS)	\$ -	-	-	524	-

(iv) Other payables

	Other payables-related parties		
	September 30, 2024	December 31, 2023	September 30, 2023
Other related parties	<u>\$ 421</u>	<u>1,389</u>	<u>318</u>

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable—related parties:			
Accounts receivable	<u>\$ 41,463</u>	<u>36,969</u>	<u>41,374</u>
Other receivables	<u>\$ -</u>	<u>524</u>	<u>-</u>
Accounts payable—related parties:			
Other payables	<u>\$ 725</u>	<u>1,538</u>	<u>565</u>

(vi) Other transactions

The balance of contract assets to other related parties was at the amount of \$0, \$0 and \$327 at the end of September 30, 2024, December 31, 2023 and September 30, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits (note)	\$ 19,909	26,646	76,478	63,297
Post-employment benefits	397	349	1,178	1,020
	<u>\$ 20,306</u>	<u>26,995</u>	<u>77,656</u>	<u>64,317</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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Refundable deposits—other current assets	Performance guarantee and warranty	\$ 4,479	-	-
Refundable deposits—other non-current assets	Performance guarantee and warranty	2,176	2,705	578
		<u>\$ 6,655</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 By item	For the three-month periods ended, September 30, 2024			For the three-month periods ended, September 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,703,485	216,580	1,920,065	1,382,083	191,832	1,573,915
Labor and health insurance	97,680	10,588	108,268	80,155	9,756	89,911
Pension	125,581	11,257	136,838	96,665	10,292	106,957
Others	23,604	4,101	27,705	17,267	3,397	20,664
Depreciation	1,661	18,813	20,474	2,178	16,758	18,936
Amortization	43	1,938	1,981	66	1,862	1,928

By function By item	For the nine-month periods ended, September 30, 2024			For the nine-month periods ended, September 30, 2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	4,976,595	590,353	5,566,948	4,025,362	562,905	4,588,267
Labor and health insurance	279,346	32,081	311,427	225,053	31,116	256,169
Pension	356,570	32,200	388,770	268,050	30,622	298,672
Others	62,651	11,777	74,428	46,266	10,152	56,418
Depreciation	5,168	55,747	60,915	7,065	52,095	59,160
Amortization	129	5,609	5,738	272	6,197	6,469

(b) Seasonality of operations

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

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

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

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to Table 1.
- (iii) Securities held as of September 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
September 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	1,888,454	672,530	663,551	-	-	17.57%	3,776,908	Y	N	Y	-
0	The Company	WIBJ	2	1,888,454	45,287	45,109	-	-	1.19%	3,776,908	Y	N	Y	-
0	The Company	WIUS	2	1,888,454	65,672	63,302	-	-	1.68%	3,776,908	Y	N	N	-
0	The Company	WIHK	2	1,888,454	131,344	126,604	-	-	3.35%	3,776,908	Y	N	N	-
0	The Company	WISS	2	1,888,454	15,000	15,000	-	-	0.40%	3,776,908	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

September 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)	
The Company	WISTRON	The entity with significant influence over the Group	(Sales)	(129,891)	(10.61)%	Closes its accounts 45~60 days after the end of each month; Net 30-45	Not significantly different from the transactions of the third-parties	Approximately the same with third party transactions	31,159	7.71%	-
WIWZ	WIHK	Subsidiary - subsidiary company	(Sales)	(158,840)	(3.29)%	Closes its accounts 60 days after the end of each month	"	"	6,788	0.34%	(Note)
WIWZ	WIBJ	Parent - subsidiary company	(Sales)	(133,404)	(2.76)%	"	"	"	-	-%	"
WIDL	WIWZ	Parent - subsidiary company	(Sales)	(520,066)	(41.05)%	"	"	"	10,102	3.08%	"
WIHK	WIWZ	Subsidiary - subsidiary company	Purchases	158,840	68.11%	"	"	"	(6,778)	(61.05)%	"
WIBJ	WIWZ	Parent - subsidiary company	Purchases	133,404	69.81%	"	"	"	-	-%	"
WIWZ	WIDL	Parent - subsidiary company	Purchases	520,066	98.03%	"	"	"	(10,102)	(60.92)%	"

(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
September 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	69,047	Closes its accounts 60 days after the end of each month	0.91%
1	WISS	The Company	2	"	400	"	0.01%
2	WIHK	WIJP	3	"	58,420	"	0.77%
2	WIHK	WIUS	3	"	79,937	"	1.06%
3	WIBJ	WIWZ	3	"	31,169	"	0.41%
3	WIBJ	WIDL	3	"	24,326	"	0.32%
4	WIYC	WIDL	3	"	5,634	"	0.07%
4	WIYC	WIWZ	3	"	550	"	0.01%
5	WIWZ	WIBJ	3	"	133,404	"	1.77%
5	WIWZ	WIDL	3	"	71,223	"	0.94%
5	WIWZ	WIHK	3	"	158,840	"	2.10%
6	WIHZ	WIWZ	3	"	941	"	0.01%
7	WIDL	WIBJ	3	"	57,698	"	0.76%
7	WIDL	WIWZ	3	"	520,066	"	6.88%
0	The Company	WIHK	1	Accounts receivable-related parties	3,990	Closes its accounts 60 days after the end of each month	0.08%

WITS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
Business relationships and significant intercompany transactions
September 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)
2	WIHK	WIJP	3	"	5,860	"	0.11%
2	WIHK	WIUS	3	"	29,775	"	0.56%
3	WIBJ	WIWZ	3	"	3,347	"	0.06%
3	WIBJ	WIDL	3	"	3,359	"	0.06%
4	WIYC	WIWZ	3	"	219	"	-%
5	WIWZ	WIDL	3	"	9,874	"	0.19%
5	WIWZ	WIHK	3	"	6,778	"	0.13%
5	WIDL	WIBJ	3	"	5,193	"	0.10%
7	WIDL	WIWZ	3	"	10,102	"	0.19%

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)
September 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%	3,033,413	297,563	297,563	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00%	152,121	(3,771)	(3,771)	"
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00%	73,188	4,181	4,181	"
The Company	WIUS	America	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00%	39,715	3,030	3,030	"
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00%	2,609	200	200	"
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00%	3,033,292	297,573	297,573	"

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
September 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 September 30, 2024	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Notes 2 · 8)	Carrying amount as of September 30, 2024 (Note 2 · 8)	Accumulated inward remittance of earnings as of September 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	297,672 (Note 3)	100.00%	297,672 (Note 3)	3,030,568	-	-
WIWZ	Research, develop, design of software, and information consulting service	932,328	(Note 1)2.	-	-	-	-	298,976 (Note 3)	100.00%	298,976 (Note 3)	2,084,559	-	(Note 7)
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	706 (Note 3)	100.00%	706 (Note 3)	20,087	-	-
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	56 (Note 3)	100.00%	56 (Note 3)	411	-	-
WIDL	Research, develop, design of software, and information consulting service	22,245	(Note 1)2.	-	-	-	-	87,720 (Note 3)	100.00%	87,720 (Note 3)	211,684	-	-
WIYN	Research, develop, design of software, and information consulting service	6,965	(Note 1)2.	-	-	-	-	(180) (Note 3)	100.00%	(180) (Note 3)	7,035	-	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2024 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6)	Upper Limit on Investment (Note 5)
225,715 (USD 7,131,356)	1,850,360 (USD 58,461,356)	2,266,144

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

1. Indirect investment in Mainland China company through the company established in a third region.

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

September 30, 2024

2. Indirect investment in Mainland China company through Mainland China company.

(Note 2) : The amount of the net income (losses) and the investee company carrying value as of September 30, 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 September 30, 2024, which was USD: NTD = 1: 31.651.

(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 nine-month period ended September 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
September 30, 2024

Table 6

Shareholder's Name	Shareholding	
	Shares	Percentage
Wistron Digital Technology Holding Company	16,756,254	22.96%