Stock Code：4953

Wistron Information Technology and Services Corporation

2022 Annual Report

Websites to inquire the content related to the annual report:
Taiwan Stock Exchange Market Observation Post System: http://emops.twse.com.tw
Wistron ITS Annual Report is available at https://www.wistronits.com/en/

Publication Date: April 30, 2023

1. **Name, Title and Contact Information for Company's Spokesperson**
   Spokesperson：Phoebe Chang
   Title：Vice President
   Tel：(02)7745-8888
   E-mail：spokesperson@wistronits.com

   Acting Spokesperson：Ivan Chen
   Title：Director of HR & Administration Division
   Tel：(02)7745-8888
   E-mail：Ivanchen@wistronits.com

2. **Address and Telephone Number of Company's Registered Office and Headquarters**
   Address：32F., No. 93, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 22175, Taiwan, R.O.C.
   Tel：(02)7745-8888

3. **The Address and Contact information of Stock Transfer Agent**
   Name：KGI Securities
   Address：5F, No.2, Sec.1, Chongqing S. Road, Taipei
   Website：https://www.kgi.com.tw
   Tel：(02)2389-2999

4. **The Address and Contact information of Independent Auditors in the Most Recent Year**
   Name：Ming-Hung Huang and Chia-Chien Tang, at KPMG
   Address：68F, TAIPEI 101 TOWER, No.7, Sec.5, Xinyi Road, Taipei, 110, Taiwan, R.O.C.
   Website：www.kpmg.com.tw
   Tel：(02)8101-6666

5. **For more information about Wistron ITS GDRs:** None

6. **For more information about Wistron ITS:** http://www.wistronits.com

INDEX

1. Letter to Shareholders

Dear Shareholders,

First of all, we would like to thank you for your long-term support and encouragement for Wistron Information Technology and Services Corporation ("Wistron ITS.")

A. 2022: A Year in Review

2022 was a year of many ups and downs. War, inflation, and COVID-19 resurgences caused major changes in global macroeconomics and international relations. Rising risks and uncertainty in the market have challenged the resilience of our Company's operations and management. However, in spite of these challenges, the Company's performance has been outstanding, with the year's revenue, profits, and earnings per share reaching record high.

In addition to steady financial growth, the Company also strives to enhance our core business competitiveness. In 2022, Wistron ITS expanded our employee career enhancement program. We worked with external partners to enrich learning resources and help employees increase their service value and expertise. Meanwhile, the Company also ramped up digital innovation by developing and optimizing our employee service and business support system. This has effectively boosted the efficiency of our operations, helping us move forward with our next stage of business growth.

Wistron ITS' capabilities in information technologies enabled us to obtain the "Registration of Artificial Intelligence Service Organization" from the Industrial Development Bureau, Ministry of Economic Affairs, in 2022. The Company will continue to cultivate and develop talents in the AI field to facilitate the adoption of AI technologies and expansion of our service scope. In addition, the Company followed industry trends and actively cultivated the new energy industry, which achieved significant results in 2022. Both number of clients and revenue for green energy and smart cars have doubled, becoming one of the key drivers of the Company's growth in 2022.

Wistron ITS upheld commitment to sustainable management and established the ESG Committee in 2022 to ensure that the Company can achieve our goal of long-term sustainable development. The Company strives to create a happy working environment and foster an inclusive company culture by establishing "Human Rights Policy," realizing our commitment to protecting human rights. In addition, the Company has continued to strengthen the functionality and diversity of the Board of Directors, as well as enhanced communications with stakeholders. We are making every effort to protect shareholders' rights and interests. In recognition of our efforts to ensure better governance, Wistron ITS ranked among the top 5% of TPEx listed companies in Corporate Governance Evaluation for two consecutive years.

B. Financial Performance

Wistron ITS reported a consolidated revenue of NT$7.95 billion, net profit of NT$554 million and basic earnings per share of NT$8.33 in 2022. In the previous year, Wistron ITS reported a consolidated revenue of NT$6.18 billion, net profit of NT$456 million and basic earnings per share of NT$6.91.

The Company's consolidated revenue grew steadily in 2022, reaching new heights in each quarter. In addition to the stable contributions from the high-tech and Internet sectors, the Company took advantage of strong demand for green energy and smart car to expand our client base. The Company also made the most of opportunities created by digital transformation and smart manufacturing to enhance revenue growth, achieving a remarkable 29% growth in annual revenue. This was also effective in driving profit increases, resulting in 22% growth of net operating income and net profit, with basic earnings per share together reaching a record high.

C. 2023: A New Beginning

In 2023, as a leading information services provider, Wistron ITS will respond to new challenges in information technology development by moving forward with our new five-year development blueprint, "WITS 3.0". Based on the core value of "Delivery Excellence for Client Success", the Company will focus on the three key aspects of "Talents", "Digital Transformation", and "Master Leading Technologies" for development.

To ensure Wistron ITS' sustainability, in addition to internal promotions, the Company will also externally recruit key talents for different roles, thereby creating a succession team that will be able to take the Company to new heights in our future operations. The Company will also continue to accelerate our digital innovation, leveraging digital methods to offer high-quality, reliable, innovative, and professional services. We will work with our clients to grow in step with industry trends, focusing on new mainstream technologies and investing in promising markets and professional fields.

In the future, Wistron ITS will continue to develop our technical, management, and trend insight capabilities, to enhance our service value and long-term competitiveness. We will partner with top clients across the globe to build an innovative future and make the world a better place.

Wistron ITS thanks all of our shareholders for their encouragement and support, which have enabled our continued growth and success. We will continue to strive towards creating the maximum value for all of our shareholders.

Sincerely Yours,

and with warm regards,

Chairman Ching Hsiao

2. Wistron Information Technology and Services Corporation Introduction

A. Date of Establishment: June 1st, 1992.

B. Company Introduction

As a leading information services provider in the Asia-Pacific region, Wistron ITS works with clients that include Fortune 500 world-renowned companies as well as industry leaders both domestically and internationally. Wistron ITS aims to become our clients' long-term, trusted partner in a sustainable business relationship.

With IT technology at the core of our operations, we provide professional information services such as research and development, testing, operation and maintenance, business procedure outsourcing, and localization services (i18n and L10N). We also have extensive experience in advanced technology application fields, such as AI, big data, cloud computing, fintech, IoT, 5G, and healthcare. With abundant and diverse technical resources, we are able to meet our clients' various needs. Today, Wistron ITS consists of more than 8,800 employees across 17 locations in Taiwan, China, Japan, and the U.S.A., and we offer services to clients in over 150 cities around the globe.

Founded on June 1st of 1992, the Company mainly focuses on providing product globalization services (i18n and L10N) and establishing partnerships with top international companies. With the investment from Wistron Corporation in 2002, the Company was renamed to Wistron ITS in 2004, and expanded its international business with information outsourcing services as the main focus. In 2006, Wistron ITS successfully expanded its business to a multinational scope while maintaining continuous profitability. In 2011, the Company expanded to Japan and improved globalization as well as localization. In 2014, Wistron ITS became a Taipei Exchange (TPEx) listed company.

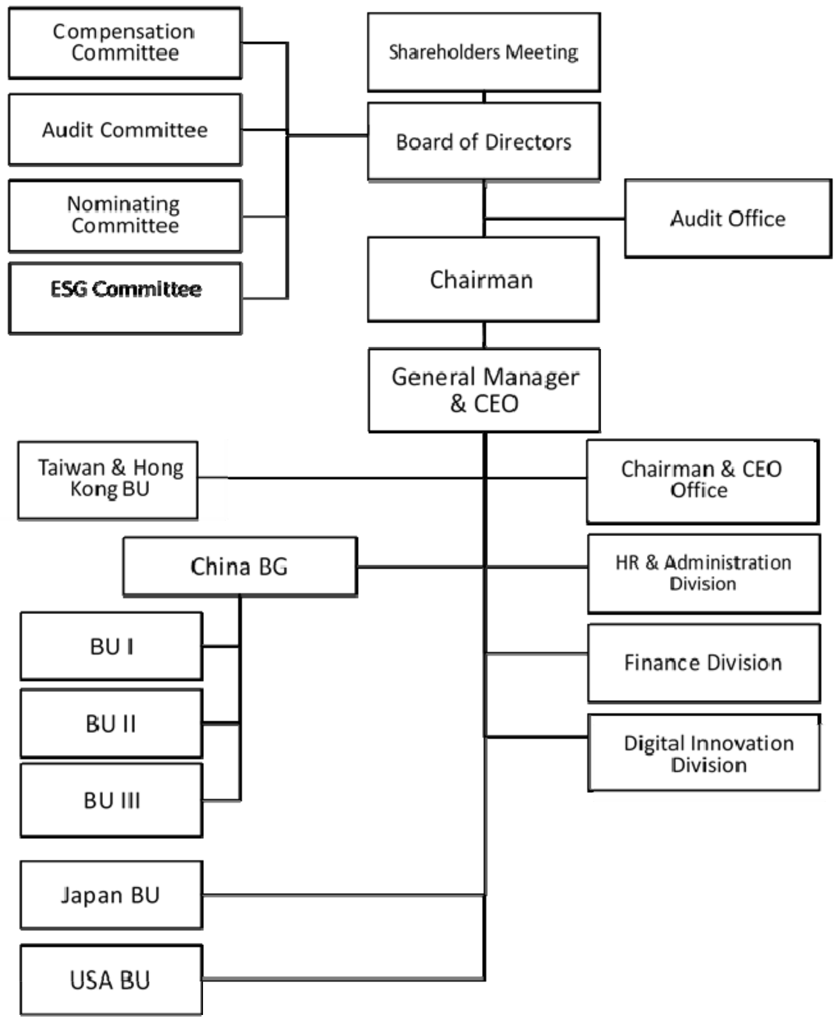
In 2015, Wistron ITS was awarded the Mittlestand Award by the Ministry of Economic Affairs, and was ranked one of top 30 software globalization companies in Asia by the Common Sense Advisory (CSA). In 2020, Wistron ITS was ranked 16th in the 100 Fastest Growing Companies of 2020 and 8th in the software industry of Taiwan Top 2000 enterprise by CommonWealth Magazine. In the same year, Wistron ITS was selected as one of the Top 10 Leading Digital Service Providers at the ChinaSourcing Summit. In 2021, Wistron ITS was awarded the 6th Taiwan Mittlestand Award again, our outstanding IT service and global software delivery capabilities earned recognition, standing out from hundreds of candidates.

Wistron ITS is one of the few IT service companies in the Asia-Pacific region with the ability to provide global offshore delivery service. Our Offshore Development Center

(ODC) service model integrates cross-zone resources to enable global delivery to customers for maximum project speed and quality. With CMMI (Capability Maturity Model Integration) Level 5, ISO9001, ISO 27001, and TIPS (Taiwan Intellectual Property Management System) certifications, Wistron ITS ensures the quality of delivered projects and services, and assures that our software development, quality control, and information security management always meet the highest standards. In addition, Wistron ITS obtained the "Registration of Artificial Intelligence Service Organization" from the Industrial Development Bureau of the Ministry of Economic Affairs in 2022. Wistron ITS aims to integrate AI systems across different industries, not only to accelerate the expansion of services and operational scale, but also to enhance industry value and competitiveness, this demonstrates Wistron ITS' capabilities in software development process, organization, technology research and development, project management, solution delivery, and other areas have reached internationally leading standards.

With a focus on sustainability, Wistron ITS continuous efforts in environmental, social, and corporate governance aspects. In 2022, Wistron ITS established ESG Committee to achieve sustainable development through purposeful, systematic, and organized approaches. Wistron ITS participated in the "Corporate Governance Evaluation" held by TWSE Corporate Governance Center from 2015, and has ranked among the top 6% to 20% for 4 consecutive years from the next year. We took it to the next level and ranked among the top 5% of TPEx listed companies and top 5% of the small and medium enterprises in Taiwan in the 7th evaluation. We maintained our position in the top 5% for 3 consecutive evaluations, and in the 9th evaluation, we once again received recognition for being in the top 5% of the small and medium enterprises, demonstrating our continuous efforts to deepen our good corporate governance practices. In addition, we have been certified by the Responsible Business Alliance (RBA), ISO 14001 Environmental Management Systems (EMS), and ISO 45001 Occupational Health and Safety Management Systems (OHSMS). We actively apply these global certification standards to fulfill our social and environmental responsibilities, as well as uphold business ethics, so as to implement ESG in our daily operations and achieve sustainability.

3. Corporate Governance Report
3.1 Organization
3.1.1 Organization chart



3.1.2 Department functions

Department	Main Responsibilities
General Manager CEO	1. Decide and review major decisions for the Company 2. Decide on operational strategies, business plans, business outlook and business management strategies of the Company.
Audit Office	1. Investigate and assess whether the Company's internal control system and various controls are robust, reasonable and effective. 2. Ensure that the internal control system continues to work effectively, as well as assist the management to fulfill their obligation. 3. Conduct audits and fraud investigations, resulting risk assessment and planning of violations cases, and carry out risk control measures.
Chairman & CEO Office	1. Business data analysis, review and improvement. 2. Follow up on various business departments' annual projection progress. 3. Planning and management of various projects. 4. Set up and maintain the Company's strategic information system. 5. Trademarks and patent management, contract handling and review, as well as legal documentation handling.
Taiwan & Hong Kong BU	1. Expansion of software R&D service, software testing service, system operation and maintenance service, product globalization service; set up marketing channels in Taiwan and Southeast Asia, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management. 8. Client income management, collection and control of outstanding receivables.
China BG	1. Expansion of software R&D service, software testing service, system operation and maintenance service, business procedure outsourcing service, and product globalization service; set up marketing channels in the Greater China region, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management.

Department	Main Responsibilities
	8. Client income management, collection and control of outstanding receivables.
Japan BU	1. Expansion of software R&D service, software testing service, system operation and maintenance service, and business procedure outsourcing service; set up marketing channels in the Japanese market, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management. 8. Client income management, collection and control of outstanding receivables.
USA BU	1. Expansion of software R&D service, software testing service, system operation and maintenance service, product globalization service; set up marketing channels in the US market, to achieve operational objectives. 2. Promote, plan and execute marketing events to reach the sales goal. 3. Maintain major clients and develop potential clients. 4. Sales service and offer client complaint solutions. 5. Gather market information, client feedback and regional marketing information. 6. Sales projection, analytics of competitive and collaboration strategies, and market trend analysis. 7. Business order delivery management. 8. Client income management, collection and control of outstanding receivables.
HR & Administration Division	1. Improve the competitiveness of our work talent, to increase overall revenue. 2. Recruit and retain talent, to strengthen the core competitiveness of the Company. 3. Plan and design human resource policies and systems, to create operational workforce. 4. HR administration - HR data maintenance, employee termination and retirement, leave and attendance...etc. 5. Plan and manage manpower development - work analysis, performance review, promotion/transfer, education & training, career development, wages/reward systems... etc. 6. Corporate benefits planning and update, establish comprehensive

Department	Main Responsibilities
	employee care, work towards harmonious employee/employer relationship. 7. Management of workforce/workplace health and safety. 8. Management of suppliers. 9. Procurement management (purchase, outsourcing, equipment, other office essentials...). 10. Establishment of various office management measures.
Finance Division	1. Fiscal planning. 2. Management of Investment/ financing matters. 3. Capital management and planning. 4. Credit management. 5. Budget management. 6. Financial analysis and operation performance evaluation. 7. Cost control. 8. Accounting/tax management. 9. Asset management. 10. Set and execute finance related management measures. 11. Board affairs and corporate governance.
Digital Innovation Division	1. Information/communication system safety maintenance. 2. Digitization introduction and management. 3. Internal IT system integration, planning and promotion. 4. IT equipment (both software and hardware) maintenance and management. 5. Network setup and maintenance (including connection management.) 6. Computer technical support, management and maintenance. 7. Develop Internet applications and e-commerce research. 8. Set and execute IT related management measures. 9. ESG Service Development.

3.2. Directors, Supervisors and Management Team

3.2.1 Directors

April 1, 2023

Title	Nationality or registered	Name	Gender/ Age	Date of Election	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Education	Selected Current Positions	Remark
							Shares	%	Shares	%	Shares	%			
Chairman & CEO	TW	Ching Hsiao	Male 69	2022.05.26	3	2005.06.14	3,272,280	4.89%	3,272,280	4.87%	139,506	0.21%	Doctorate	Director of Wistron Information Technology and Services Limited Director of WITS America, Corp. Director of Wistron Information Technology and Services Inc. Chairman of Wistron Information Technology and Services (Beijing) Inc. Chairman of Wistron ITS (Wuhan) Co. Representative Director of Wistron Information Technology and Services (Japan) Inc. Director of Wistron ITS (Hong Kong) Limited Chairman of WITS Taiwan, Inc.	Note
Director	TW	Wistron Digital Technology Holding Company	-	2022.05.26	3	2016.06.24	15,718,837	23.49%	15,718,837	23.41%	-	-	-	-	-
	TW	Representative: Frank Lin	Male 68	2022.05.26	3	2016.06.24	321,062	0.48%	321,062	0.48%	0	0	Bachelor	Chief Staff Officer of Wistron Corp. Director of Wistron NeWeb Corp. Director of Wiwynn Corporation Chairman of WiseCap Ltd. Chairman of LE BEN Investment Ltd. Chairman of WiSuccess Asset Management Corporation Director of Wistron Medical Tech Holding Company Director of Wistron Medical Technology Corporation Director of Wistron Digital Technology Holding Company Director of Wistron Green Energy Holding Company Director of Changing Information Technology Inc. Director of Mayaminer Company Ltd. Director of Join-Link International Technology Co., Ltd. Director of Pell Bio-Med Technology Co., Ltd. Director of IP Fund Six Supervisor of aEnrich Technology Corp. Director of B-Temia Asia Pte Ltd. Chairman of WiseCap (Hong Kong) Limited Director of Hartec Asia Pte. Ltd. Director of Hukui Biotechnology Corporation	-

Title	Nationality or registered	Name	Gender/ Age	Date of Election	Term (year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Education	Selected Current Positions	Remark
							Shares	%	Shares	%	Shares	%			
Director	TW	Marty Chiou	Male 70	2022.05.26	3	2013.06.25	241,000	0.36%	171,000	0.25%	0	0	Master	-	-
Director	TW	Philip Peng	Male 69	2022.05.26	3	2010.04.26	0	0	0	0	0	0	Master	Director of Wistron Corp. Director of Wistron NeWeb Corp. Director of Zigong Art Sharing Co., Ltd. Cruise10 Co. Ltd. Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Supervisor of Allxon Inc. Chairman of Smart Capital Corp.	-
Independent Director	TW	Yen Ling Fang	女 64	2022.05.26	3	2021.07.23	0	0	0	0	0	0	Doctorate	CEO of Family Office of Peace & Grace International Attorneys at Law Representative of Legal Entity Director of Tainan Enterprises Co., Ltd. Independent Director of Pharmosa Biopharm Inc. Independent Director of TaiSol Electronics Co., Ltd.	-
Independent Director	TW	Jennifer Hwang	女 61	2022.05.26	3	2022.05.26	498	0.00%	498	0.00%	0	0	Master	Director of Commerce Development Research Institute	-
Independent Director	TW	Mark Fan	Male 70	2022.05.26	3	2022.05.26	0	0	0	0	4,556	0.01%	Doctorate	-	-
Independent Director	TW	Allen Tsai	Male 56	2022.05.26	3	2022.05.26	0	0	0	0	0	0	Doctorate	Executive Director of Taiwan Institute of Directors Adjunct Associate Professor of Institute of Business and Management, NYCU	-
Independent Director	TW	Y.K. Chu	Male 69	2022.05.26	3	2022.05.26	0	0	0	0	0	0	Master	Vice Chairman of Alpha Ring Asia Inc. Senior Partner of WI Harper Group	-

Remark:
1. **Shareholding by Nominee Arrangement**：None.
2. **Spouse or relative holding a position as Key Manager, Director or Supervisor**：None.

Note: Considering enforcement of decision making and operating efficiency, the Chairman and CEO (General Manager) of the Company are the same person, which is necessary and reasonable. To enhance the independence of Board of Directors, the Company has set up Independent Directors more than regulations (currently 5 independent directors), and over half of the Directors do not serve as employees or managers. The Company will make an adjustment to comply with operational needs and regulations for improving Board function and strengthen the supervisory ability of the Board.

Major shareholders of the juristic person shareholders

April 17, 2023

Name of Juristic Person Shareholders	Major Shareholders	%
Wistron Digital Technology Holding Company	Wistron Corporation	100

Major shareholders of the Company's major juristic person shareholders

April 17, 2023

Name of Juristic Person Shareholders	Major Shareholders	%
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	4.68
	Labor Pension Fund	2.47
	Acer Incorporated	1.89
	J.P. Morgan Securities PLC	1.63
	Fubon Taiwan high dividend 30 ETF	1.62
	Taipei Fubon Bank Trust Account (employee share ownership trust)	1.49
	BNP Paribas Arbitrage S.N.C.	1.49
	Lin Hsien-Ming	1.47
	Taipei Fubon Bank Trust Account (employee restricted stock awards)	1.38
	Fubon Life Insurance Co., Ltd.	1.38

Professional qualifications and independence analysis of Directors

Title	Professional Qualifications and Experience: Expertise	Professional Qualifications and Experience: Committee Membership	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Ching Hsiao	Ching Hsiao, Chairman of the Board, holds a Ph.D. in Computer Science from Purdue University and has extensive experience in the software industry. He was a researcher at AT&T and General Manager of Dow Jones Telerate Systems, a leading financial information system company. In 2004, he joined Wistron ITS and introduced a new management model, leading Wistron ITS in continuing growth and becoming a leading international IT information service provider.	ESG Committee Convener Nominating Committee Member	The Company have a Board of Directors consisting of more than five Directors in accordance with "Articles of Incorporation" and "Securities and Exchange Act." Not been a person of any conditions defined in paragraph 3, Article 26-3 of the Securities and Exchange Act.	0
Wistron Digital Technology Holding Company Representative: Frank Lin	Frank Lin, with his extensive financial background, serves as a Representative of an Institutional Director of Wistron ITS. He was formerly Acer's Chief Financial Officer and later served as Chief Financial Officer of the Company after the establishment of Wistron. He is currently serving as the Chief Staff Officer at Wistron, a position he assumed in 2003. He possesses excellent financial analysis skills and management experience, and is well versed in corporate governance practices.	Nominating Committee Member		0
Marty Chiou	Marty Chiou has extensive experience in the Greater China software market and has held various senior management positions in different multinational companies throughout his career, including Software Director of IBM Greater China Group, General Manager of Lotus Greater China, and General Manager of SAS and SAP Taiwan. His solid industry practical experience is helping Wistron ITS to grow and develop continuously.	-		0
Philip Peng	Philip Peng is a former Senior Vice President and CFO of Acer. He has extensive financial experience and outstanding management achievements, and currently serves as a director on the boards of several technology companies. He provides Wistron ITS with professional advice related to operational strategies, which is based on his financial management experience.	-		2

Title	Professional Qualifications and Experience		Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Expertise	Committee Membership		
Yen Ling Fang	Independent Director Yen Ling Fang served as an accountant partner at KPMG Taiwan for 30 years. She specializes in financial audit work, internal control and internal audit. Miss Fang has deep experience in cross-strait capital market compliance and corporate integration mergers and acquisitions. She offers professional analysis and advice for Wistron ITS from the perspective of an independent financial accounting expert.	Audit Committee Convener ESG Committee Member	1. The Company has more than three independent directors in accordance with the "Articles of Incorporation." 2. All Independent Directors issued independence statements when elected. 3.The Company's Independent Directors all comply with the stipulations stated in Article 2, 3, and 4 of the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies," including: (1)The Directors and their spouse and relatives within two degrees of kinship are not directors, supervisors, or employees of the company or its affiliates; (2)The Directors and their spouse and relatives within two degrees of kinship hold no shares of the Company; (3)Not directors, supervisors, or employees of a company which has a particular relationship with the Company. (4)Not providing business, legal, financial, accounting, or other related services to the Company or affiliates in the most recent 2 years.	2
Jennifer Hwang	Independent Director Jennifer Hwang previously worked at IBM, a global information services company, for 24 years. During this time, she served as General Manager of the Taiwan Business Group for five years, leading the company's business growth, strategic transformation, and fulfilling its corporate ESG responsibilities. She has also worked in various positions at IBM's Asia-Pacific commercial and industrial business group, including marketing director and deputy human resources director, and has extensive experience in information industry development strategy, business sales, marketing planning, and human resources management. In addition, she has served as the General Manager of Administration & Chief HR Officer of a local listed company, Sinyi Realty Inc., overseeing human resources and corporate strategic transformation work. She has expertise in talent selection, training, retention, and leadership team building.	Audit Committee Member Compensation Committee Convener		0
Mark Fan	Independent Director Mark Fan was originally the Head of Computer Science of Institute for Information Industry, and led the growth of International Integrated Systems, Inc. for many years. With over 20 years of industry experience and practical experience in the information and communication services industry, he can provide professional advice on the company's operational strategies and business development.	Audit Committee Member Compensation Committee Member Nominating Committee Convener		0

Title	Professional Qualifications and Experience		Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Expertise	Committee Membership		
Allen Tsai	Independent Director Allen Tsai is one of the Founders and Executive Director of Taiwan Institute of Directors. He previously served as the Managing Director of the Investment Banking Department for the Taiwan region at BNP Paribas. He is proficient in corporate strategy, cross-border mergers and acquisitions, and international capital market fundraising. Mr. Tsai, has long been concerned about corporate governance and internal and external issues of the board of directors, and can provide comprehensive advice to improve the management of the Company.	Audit Committee Member Nominating Committee Member ESG Committee Member		0
Y.K. Chu	Independent Director Y.K. Chu is a Senior Partner of WI Harper Group, with over 25 years of experience in investment and technology industries. He has long been focused on the development of cross-border venture capital investment business and has a unique international investment strategy perspective, providing the Company with unique insights.	Audit Committee Member Compensation Committee Member Nominating Committee Member		0

Note 1: Not a Director described by any conditions defined in Article 30 of the Company Act.
Note 2: For academic and career experience, please refer to pages 10-11 of the Information on Directors.

Diversity and Independence of the Board of Directors:

The Company reviews its diversity policy, as mandated by the Company's "Corporate Governance Principles," according to the needs of the Board's operation, working model, and development, including but not limited to the two major standards of basic conditions and values, and professional knowledge and skills. The Company also ensures that Board members generally possess the knowledge, skills, and qualities necessary to perform their duties.

Title	Name	Gender	Age		Tenure of Independent Directors			Items of Diversity								
			56-65	66-75	Below 3 years	3-6 years	6-9 years	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions	Corporate Governance
Chairman	Ching Hsiao	Male		✓				✓		✓	✓	✓	✓	✓	✓	
Director	Wistron Digital Technology Holding Company Representative: Frank Lin	Male		✓				✓	✓	✓	✓		✓	✓	✓	✓
Director	Marty Chiou	Male		✓				✓		✓	✓	✓	✓	✓	✓	
Director	Philip Peng	Male		✓				✓	✓	✓	✓		✓	✓	✓	
Independent Director	Yen Ling Fang	Female	✓		✓			✓	✓	✓	✓		✓	✓	✓	
Independent Director	Jennifer Hwang	Female	✓		✓			✓		✓	✓	✓	✓	✓	✓	
Independent Director	Mark Fan	Male		✓	✓			✓		✓	✓	✓	✓	✓	✓	
Independent Director	Allen Tsai	Male	✓		✓			✓		✓	✓		✓	✓	✓	✓
Independent Director	Y.K. Chu	Male		✓	✓			✓		✓	✓		✓	✓	✓	

(1) Diversity of the Board of Directors:

All members of the Board are of Taiwanese nationality, with 3 members between the age of 56-65 and 6 between the age of 66-75. In order to promote gender equality, the Company is dedicated to increasing the number of female members of our Board of Directors, aiming to appoint at least 1 female director. The Board currently includes 2 female Independent Director, accounting for 22% of the entire Board. The Company is diversified and all Directors have extensive operational judgment and management, crisis management, leadership and decision-making skills, and a broad international perspective. Chairman Ching Hsiao has extensive experience in the industry; whereas Marty Chiou has a wealth of international and regional information industry experience. Jennifer Hwang is experienced in personnel leadership and management, with experience of Chief HR Officer. Mark Fan has over 20 years of industry experience and practical experience in the information and communication services industry. Frank Lin, Philip Peng, and Yen Ling Fang all have professional expertise in accounting and financial analytics. Y.K. Chu has long been focused on the development of cross-border venture capital investment business and has a unique international investment strategy perspective. Allen Tsai has long been concerned about corporate governance and internal and external issues of the board of directors as one of the Founders and Executive Director of Taiwan Institute of Directors.

(2) Independence of the Board of Directors:

Currently, the Board has 9 Directors, 5 of whom are Independent Directors, comprising 56% of the entire Board. All Independent Directors of the Board have both served for a period of under 3 years. All Board members have been confirmed as not being a spouse and or direct family member of other members, and comply with the regulations required by FSC. The Board is highly independent.

3.2.2Management team

April 1, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Education	Concurrent positions at other Companies	Remark
					Shares	%	Shares	%			
Chairman & CEO	TW	Ching Hsiao	Male	1999.04.27	3,272,280	4.87%	139,506	0.21%	Reference to the information of Board of Directors		
Vice President	TW	Jamie Liu	Male	2003.04.02	610,453	0.91%	0	0	Master	Director & General Manager of Wistron Information Technology and Services (Beijing) Inc. Director of Wistron ITS (Wuhan) Co. Director of Wistron ITS (Dalian) Ltd.	-
Vice President	TW	Phoebe Chang	Female	2019.01.02	152,472	0.23%	0	0	Master	Note 1	-

Remark:
1. Shareholding by Nominee Arrangement：None.
2. Spouse or relative holding a position as Key Manager, Director or Supervisor：None.

Note 2:

a. Treasurer of WITS America, Corp.
b. Director of Wistron Information Technology and Services Limited, Director of Wistron Information Technology and Services Inc., Director of WITS America, Corp., Director of Wistron ITS (Hong Kong) Limited.
c. Supervisor of Wistron Information Technology and Services (Japan) Inc., Supervisor of Wistron Information Technology and Services (Beijing) Inc., Supervisor of Beijing Enovation Technology co., Ltd., Supervisor of Wistron ITS (Wuhan) Co., Supervisor of Wistron ITS (Hangzhou) Ltd., Wistron ITS (Dalian) Ltd.

3.3 Compensation of Directors, Supervisors, General Manager, and Vice Presidents

3.3.1 Compensation of directors and independent directors

December 31, 2022; Unit: NT$ thousands

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Compensation</th><th colspan="2" rowspan="2">Ratio of Total Compensation (A+B+C+D) to Net Income (%)</th><th colspan="8">Relevant Compensation Received by Directors Who are Also Employees</th><th colspan="2" rowspan="2">Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)</th><th rowspan="4">Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or Parent Company</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Directors' Remuneration (C)</th><th colspan="2">Allowances (D)</th><th colspan="2">Salary, Bonuses, and Allowances (E)</th><th colspan="2">Severance Pay (F)</th><th colspan="4">Employees' Profit Sharing Bonus (G) (Note 3)</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Shares</th><th>Cash</th><th>Shares</th></tr>
<tr><td>Chairman</td><td>Ching Hsiao</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">9,250</td><td rowspan="5">9,250</td><td rowspan="5">310</td><td rowspan="5">310</td><td rowspan="5">1.73</td><td rowspan="5">1.73</td><td rowspan="5">9,856</td><td rowspan="5">16,003</td><td rowspan="5">34</td><td rowspan="5">34</td><td rowspan="5">3,011</td><td rowspan="5">0</td><td rowspan="5">3,011</td><td rowspan="5">0</td><td rowspan="5">4.05</td><td rowspan="5">5.16</td><td rowspan="13">No</td></tr>
<tr><td>Director</td><td>Wistron Digital Technology Holding Company Representative: Frank Lin</td></tr>
<tr><td>Director</td><td>Marty Chiou</td></tr>
<tr><td>Director</td><td>Philip Peng</td></tr>
<tr><td>Director</td><td>David Lee (Note 1)</td></tr>
<tr><td>Independent Director</td><td>Frank Juang (Note 1)</td><td rowspan="8">6,421</td><td rowspan="8">6,421</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">320</td><td rowspan="8">320</td><td rowspan="8">1.22</td><td rowspan="8">1.22</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">1.22</td><td rowspan="8">1.22</td></tr>
<tr><td>Independent Director</td><td>Allen Fan (Note 1)</td></tr>
<tr><td>Independent Director</td><td>C.K. Chiang (Note 1)</td></tr>
<tr><td>Independent Director</td><td>Yen Ling Fang</td></tr>
<tr><td>Independent Director</td><td>Jennifer Hwang (Note 2)</td></tr>
<tr><td>Independent Director</td><td>Mark Fan (Note 2)</td></tr>
<tr><td>Independent Director</td><td>Allen Tsai (Note 2)</td></tr>
<tr><td>Independent Director</td><td>Y.K. Chu (Note 2)</td></tr>
<tr><td colspan="23">1. Please describe the policy, system, standards and structure of independent directors' compensation and the correlation with the amount of compensation paid based on the responsibilities, risks and time commitment.
In accordance with the "Articles of Incorporation" and "Payment Principle for Compensation of Directors and Functional Committees" of the Company, except for basic amounts, the extra payment will be paid to the independent directors based on his/her participation in functional Committee, and the compensation will be paid whether the Company has profited or suffered loss.
2.Except as disclosed in the above table, the remuneration received by the directors of the Company for services rendered to all companies included in the financial statements for the most recent year (such as acting as consultants to non-employees in Parent Company/ all companies included in the financial statements/ Invested Company): None.</td></tr>
</table>

Note 1: End of term on May 26, 2022.
Note 2: New elected on May 26, 2022.
Note 3: Estimated amount for Employees' Profit Sharing Bonus, will be confirmed by approval of Compensation Committee and Board of Directors.

A. Directors' compensation brackets table

Range of Compensation	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements H	The Company	All companies in the consolidated financial statements I
Under NT$1,000,000	9 (Note 1)		9 (Note 1)	
NT$1,000,000～NT$2,000,000	4 (Note 2)		4 (Note 2)	
NT$2,000,000～NT$3,500,000	—	—	—	—
NT$3,500,000～NT$5,000,000	1 (Note 3)		—	—
NT$5,000,000～NT$10,000,000	—	—	—	—
NT$10,000,000～NT$15,000,000	—	—	—	—
NT$15,000,000～NT$30,000,000	—	—	1 (Note 3)	1 (Note 3)
NT$30,000,000～NT$50,000,000	—	—	—	—
NT$50,000,000～NT$100,000,000	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	14	14	14	14

Note 1：Representative: Frank Lin, David Lee, Frank Juang, Allen Fan, C.K. Chiang, Jennifer Hwang, Mark Fan, Allen Tsai, Y.K. Chu

Note 2：Wistron Digital Technology Holding Company, Philip Peng, Marty Chiou, Yen Ling Fang

Note 3：Ching Hsiao

<u>3.3.2. Compensation of supervisors:</u> Not applicable.

A. Supervisors' compensation brackets table: Not applicable

3.3.3 Compensation of the general manager and vice presidents

December 31, 2022; Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay and Pensions(B)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D) (Note)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the General Manager and Vice Presidents from an Invested Company Other than the Company's Subsidiary or Parent Company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Shares	Cash	Shares			
Chairman & CEO	Ching Hsiao	3,132	9,725	271	495	11,571	19,443	4,861	0	4,861	0	3.58	6.23	No
Vice President	Jamie Liu													
Vice President	Phoebe Chang													

Note: Estimated amount for Employees' Profit Sharing Bonus, will be confirmed by approval of Compensation Committee and Board of Directors.

A. The general manager and vice presidents' compensation brackets table

Range of Compensation	Names of General Manager and Vice Presidents	
	The Company	All companies in the consolidated financial statements E
Under NT$1,000,000	—	—
NT$1,000,000～NT$2,000,000	—	—
NT$2,000,000～NT$3,500,000	1 (Note 1)	—
NT$3,500,000～NT$5,000,000	1 (Note 2)	—
NT$5,000,000～ NT$10,000,000	—	2 (Note 3)
NT$10,000,000～ NT$15,000,000	1 (Note 4)	—
NT$15,000,000～ NT$30,000,000	—	1 (Note 4)
NT$30,000,000～ NT$50,000,000	—	—
NT$50,000,000～ NT$100,000,000	—	—
Over NT$100,000,000	—	—
Total	3	3

Note 1：Jamie Liu
Note 2：Phoebe Chang
Note 3：Phoebe Chang, Jamie Liu
Note 4：Ching Hsiao

B. Names of managers entitled to employees' profit sharing bonus

December 31, 2022; Unit: NT$ thousands

	Title	Name	Employees' Profit Sharing Bonus - by Shares (Fair Market Value)	Employees' Profit Sharing Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Chairman & CEO	Ching Hsiao	0	4,861	4,861	0.88%
	Vice President	Jamie Liu				
	Vice President	Phoebe Chang				

Note: Estimated amount for Employees' Profit Sharing Bonus, will be confirmed by approval of Compensation Committee and Board of Directors.

3.3.4 Comparison of compensation for directors, general manager and vice presidents in the most recent two years and compensation policy for directors, general manager and vice presidents

A. Directors', general manager's and vice presidents' compensation paid in the last two years as a percentage to net income

Year / Title	Ratio of total compensation paid to net income (%)			
	2022		2021	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	5.27%	6.38%	5.81	7.15
General Manager and Vice Presidents	3.58%	6.23%	3.75	7.01

B. The determination of compensation for directors, general manager and vice presidents

The Company evaluates compensation to Directors in accordance with the "Payment Principle for Compensation of Directors and Functional Committees". Remuneration paid to the Company's Directors (not including Independent Directors) shall be based on participation and contribution to the Company's operation, and considering the Company's operation performance, as well as the overall standards among the industry. The remuneration amount shall be no more than 2% of the profit (referred to the profit before tax, excluding the employees' profit sharing bonus and directors' remuneration) in accordance with Article 21 of the "Articles of Incorporation." In addition, base compensation paid to the Independent Directors shall be based on his/her participation in functional Committee, and the compensation will be paid whether the Company has profited or suffered loss. Reasonableness of performance and compensation will be reviewed by Compensation Committee and determined by the Board of Directors' resolution.

The compensation of the Company's managers (including General Manager and Vice Presidents) consists of fixed items such as salary and benefits, and variable items such as bonuses, profit sharing bonus (In accordance with Article 21 of the "Articles of Incorporation," no less than 10% of the profit from current year as employees' profit sharing bonus. The Company may distribute profit sharing bonus in the form of shares or in cash to employees.) and stock options, and main on variable items. The fixed items are in principle determined to maintain the Company's competitiveness within the industry; the variable items consider both Company's performance and individual's appraisal – the better the performance, the higher the proportion of variable items to fixed items. The performance evaluation will be comprehensively determined by the completion rate of business targets, profit margin, growth rate, operating efficiency and future development potential, etc. The targets and weightage of these performance metrics are stipulated with reference to the internal and external operating environment and future risk exposures at the beginning of the year. The Company will review the compensation principle based on operational needs and regulations. Manager's compensation shall be evaluated by their personal performance, and be reviewed individually by Compensation Committee and determined by the Board of Directors' resolution.

3.4 Status of Corporate Governance

3.4.1 Board meeting

The Board of Directors meetings held 7 times in 2022.

Title	Name	Attendance in Person	Attendance by proxy	Rate of attendance in person (%)	Remarks
Chairman	Ching Hsiao	7	0	100%	Re-elected on May 26, 2022
Director	Wistron Digital Technology Holding Company Representative: Frank Lin	7	0	100%	
Director	Marty Chiou	7	0	100%	
Director	Philip Peng	7	0	100%	
Independent Director	Yen Ling Fang	7	0	100%	
Independent Director	Jennifer Hwang	4	0	100%	New elected on May 26, 2022
Independent Director	Mark Fan	4	0	100%	
Independent Director	Allen Tsai	4	0	100%	
Independent Director	Y.K. Chu	4	0	100%	
Director	David Lee	3	0	100%	End of term on May 26, 2022
Independent Director	Frank Juang	3	0	100%	
Independent Director	Allen Fan	3	0	100%	
Independent Director	C.K.Chiang	3	0	100%	

Other noteworthy items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable for setting up Audit Committee.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Meeting	Interested Directors	Subject Matter	Participation in Deliberation
2022.01.12	1st Board Meeting of 2022	Ching Hsiao	Approval of year-end bonus to CEO in 2021.	After the interested director left the room during discussion and voting, item resolved.
			Approval of salary adjustment to CEO in 2022.	After the interested director left the room during discussion and voting, item resolved.
2022.08.04	6th Board Meeting of 2022	Ching Hsiao	Approval of 2021 employees' profit sharing payout amount to CEO.	After the interested director left the room during discussion and voting, item resolved.
2023.01.12	1st Board Meeting of 2023	Ching Hsiao	Approval of year-end bonus to CEO in 2022.	After the interested director left the room during discussion and voting, item resolved.

3. The Board's self- (or peer) evaluation cycle and period, the scope, method and content of the evaluation, etc.:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	2022.01.01~12.31	Board of Directors	Internal self-evaluation	Internal self-evaluation by the Board: 1. The degree of participation in the Company's operations. 2. Improvement in the quality of decision making by the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election of the Directors and their continuing education. 5. Internal controls.
Once a year	2022.01.01~12.31	Board members	Internal self-evaluation	Self-evaluation by Board members: 1. Grasp of the Company's goals and missions. 2. Recognition of director's duties. 3. Degree of participation in the Company's operations. 4. Management of internal relationships and communication. 5. Professionalism and continuing education. 6. Internal controls.
Once a year	2022.01.01~12.31	Functional Committee: 1.Audit Committee 2.Compensation Committee 3.Nominating Committee 4.ESG Committee	Internal self-evaluation	Internal self-evaluation by Functional Committees: 1. The degree of participation in the Company's operations. 2. Recognition of duties of the Functional Committee. 3. Improvement in the quality of decision making by the Functional Committee 4. Composition of the Functional Committee, and election and appointment of Committee members. 5. Internal controls.

Note: ESG Committee established on June 9, 2022, therefore the evaluation period was 2022.06.09~12.31.

(1) Board of Directors have resolved to formulate "Rules and Procedures for Board of Directors Performance Assessments" on December 26, 2016, and revised and renamed as "Rules and Procedures for Board of Directors and Functional Committees Performance Assessments" on December 20, 2019 to stipulate the Company executes Board of Directors and Functional Committees performance evaluation once a year and report the result to Board of Directors. The aforementioned Rules were revised on January 12, 2023, to stipulate the Company shall execute external performance evaluations at least once every three years.

(2) In January 2023, the Company has executed performance evaluation for Board of Directors, Board members, and all functional committees (including Audit Committee, Compensation Committee, Nominating Committee, and ESG Committee) period from January 1, 2022 to December 31, 2022. The evaluation was executed by corporate governance affairs unit, and results are rating by the score of questionnaires. Results of the evaluation have been reported at Board of Directors meeting on March 6, 2023.

(3) The score of 2022 Board of Directors, Board members, and functional committees were as following:

Scope of evaluation	Score	Rank
Board of Director	Over 90	Outstanding
Board members	Over 90	Outstanding
Audit Committee	Over 90	Outstanding
Compensation Committee	Over 90	Outstanding
Nominating Committee	Over 90	Outstanding
ESG Committee	Over 90	Outstanding

4. The objectives of strengthening the functionality of the Board of Directors for the present year and the most recent year and assessment on the implementation:
   (1) The Audit Committee is composed of all Independent Directors, and the Compensation Committee is composed of 3 Independent Directors. The committees play a role for supervision and report to Board regularly. To ensure the soundness of the Board and strengthen the management mechanism, the Board approved to establish a Nominating Committee in December, 2020. The committee is composed of 5 Directors which includes 3 Independent Directors. Furthermore, to ensure implementation of corporate sustainability strategy, the Company established ESG Committee in 2022.The committee is composed of 7 members which includes 2 Independent Directors and senior managers.
   (2) The Company arranges continuing education for Board members every year, please refer to pages 34-35 for training of Directors.
   (3) The Company enacted the “Corporate Governance Principles” to enhance the functions of the Board of Directors, and formulate policy by taking diversity of Board members structure into consideration. To enhance independence of Board, the Company increased to 5 Independent Directors, which accounted for more than 1/2 of the Board.
   (4) To ensure Directors and Managers when perform business, the Company arrange liability insurance for Directors and Managers every year.
   (5) Enhance the transparency of information: To enhance the transparency of information and ensure shareholders’ interests, the Company has set up an “Investor Relations” and “ESG” pages on the Company’s website to provide Chinese and English information on time, and an investor relations liaison mechanism.
5. Please refer to pages 53-56 for Major Resolutions of Board Meetings for the present year.

3.4.2 Audit Committee

The Audit Committee is composed of all of the 5 Independent Directors. The main function of the Audit Committee is to supervise fair presentation of accounting and the financial reports, implementation of the internal control system and compliance with relevant laws and regulations, and management of risks of the Company. Please refer to pages 13-15 for professional qualifications and experience of Directors.

The Audit Committee holds meetings before the Board meetings regularly at least once each quarter to examine the Company's internal control systems, internal audit executions, material financial activities, and financial statements; also, to communicate with CPAs for an effective supervision on the Company's operations and risk controls, and the Committee invites managers of relevant departments to attend the meeting if necessary. The Committee submits report to Board of Directors after meeting, and executes based on instructions from Board.

The major content of Audit Committee meeting in 2022:

1. Reviewing financial statements (quarterly, annual).
   (1) The quarterly and annually financial reports in 2022 have been approved by the Audit Committee.
   (2) The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of profits, that have been reviewed and determined to be correct and accurate by the Audit Committee.
2. Financial or business activities of a material nature report.
3. Adoption of or amendments to internal policies, internal control systems, and relative regulations.
4. Assessment of the effectiveness of the internal control system.
   The Audit Committee evaluated the effectiveness of the Company's policies and procedures regarding the internal control system (including finance, operations, risk management, information security, compliance and other control measures), and reviewed and determined to be effective of both risk management and compliance.
5. Appointing of CPAs, their compensation, and assessment of their independence.
   The Company has appointing KPMG as the audit CPAs in 2023, and assessed the qualifications and independence of CPAs with reference to the "Certified Public Accountant Act," "Code of Professional Ethics No. 10, Integrity, Impartiality, Objectivity and Independence," and AQI index. The appointment and assessment were completed and resolved by Board of Directors on March 6, 2023 and no breach of independence has been identified.
6. Material endorsements and guarantees.
7. Major auditing matter and audit report.
8. Others.

Total of 6 Audit Committee meetings were held in 2022. The Independent Directors' participation status is as follows:

	Title	Name	Attendance in Person	Attendance by proxy	Rate of attendance in person (%)	Remarks
4th	Convener	Yen Ling Fang	3	0	100%	Re-elected
	Member	Jennifer Hwang	3	0	100%	New elected
	Member	Mark Fan	3	0	100%	New elected
	Member	Allen Tsai	3	0	100%	New elected
	Member	Y.K. Chu	3	0	100%	New elected
3rd	Convener	Frank Juang	3	0	100%	End of term
	Member	Allen Fan	3	0	100%	End of term
	Member	C.K.Chiang	3	0	100%	End of term
	Member	Yen Ling Fang	3	0	100%	Re-elected

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, suggestions or objections by Independent Directors, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to pages 53-56 for the Major Resolutions of Board Meetings.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None
2. Independent directors' avoidance of motions in conflict of interest: None
3. Communications between the independent directors, the Company's internal auditor and CPAs (e.g., the material items, methods and results of audits of corporate finance or operations, etc.)
   (1) The internal audit officer has communicated the result of the audit reports to the members of the Audit Committee periodically, presented the findings and the follow up execution status, and discusses with members of Audit Committee. The communication channel between the Audit Committee and the internal audit officer has been functioning well.
   (2) The Company's CPAs have presented the auditing or reviewing findings or the comments for the quarterly financial statements, material matters that they have discovered, as well as other communication of which is required by law, in the regular quarterly meetings of the Audit Committee. The communication channel between the Audit Committee and the CPAs has been functioning well.
   (3) Please refer to the Company's website for further communication information.

3.4.3 Corporate governance status and deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
1. Does Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has formulated the "Corporate Governance Principles" by reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and the last amendment was on November 3, 2022 approved by the Board of Directors. The principles are disclosed on the Company's website and MOPS.	No discrepancy
2. Shareholding Structure & Shareholders' Rights				No discrepancy
(1) Does Company have Interna Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) The Company has formulated the "Corporate Governance Principles," in order to ensure shareholders' interests, the Company has set up an investor relations liaison mechanism on the Company's website, under which a spokesperson and an acting spokesperson are responsible for handling issues such as shareholders' proposals, doubts or disputes.	
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company has access to a list of the Company's major shareholders and the beneficial owners of the major shareholders.	
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) The Company establishes appropriate risk control mechanisms and firewalls in accordance with internal regulations such as "Procedures on the Management of Transactions with Specific Companies, Group Enterprises and Affiliates," "Rules on the Supervision and Management of Subsidiaries," "Procedures for Governing Endorsements and Guarantees," "Procedures for Governing Loaning of Funds," and "Procedures for Acquisition and Disposal of Assets."	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company is required by law to establish "Procedures for Preventing Insider Trading" to prohibit insiders from using undisclosed information in the market to trade. The Company offers regular training and workshops for insiders, as well as reminds the Board of Directors electronically 30 days prior to the publication of the annual financial report, and 15 days prior to the publication of the quarterly financial report, that they are not allowed to trade their shares during the closed period.	
3. Composition and Responsibilities of the Board of Directors				No discrepancy
(1) Does the Board of Directors have a diversity policy, specific management objectives, and are they implemented in practice?	V		(1) The Company has set out its policy on diversity of Board membership in the "Corporate Governance Principles", which is disclosed on the Company's website and MOPS. In accordance with the Company's diversity policy, the current Board of Directors of the Company have identified the following diversity objectives:	

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
			A. The percentage of Independent Directors among the total number of Directors shall be at least 50%; B. A minimum of 1 female director shall be nominated, with continuing efforts to promote increased numbers of female directors on the Board. The members of the Board have various professional expertise in corporate governance, economic, accounting, finance, business administration and management backgrounds. Many of our Board members also have experience in practical management, information technology industry, and international investment, and contribute greatly to the management of the Company's domestic and international business development and risk management. In order to promote gender equality and implement our diversity policies, the Company has increased the number of female independent directors by 2 after the election in 2022. Currently, female Directors account for 22% of the Board, and 56% of our Directors are Independent Directors. For detailed member information of our Board as well as their Diversity Profile, please refer to pages 13-17.	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?	V		(2) In addition to the Audit Committee and the Compensation Committee established by law, the Company established Nominating Committee under Board of Directors in December, 2020. The Nominating Committee is composed by 5 directors, including 3 independent directors. To ensure implementation of corporate sustainability strategy, the Company established ESG Committee under Board of Directors in June, 2022.The committee is composed of 7 members which includes Chairman, 2 Independent Directors, and senior managers. Please refer to pages 37-38 for the Company's Nominating Committee responsibilities and 2022 operation. For ESG Committee operation, please refer to the Company's website.	
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the Board, and use it as a reference for individual directors' remuneration and renomination?	V		(3) The Company's Board of Directors have resolved to formulate "Rules and Procedures for Board of Directors Performance Assessments" on Dec. 26, 2016, and add performance evaluation on functional committees, thus renamed as "Rules and Procedures for Board of Directors and Functional Committees Performance Assessments" on Dec. 20, 2019, regulate that performance evaluation of Board of Directors, Board members, and functional committees shall be executed annually and reported to Board of Directors. The aforementioned Rules were revised on January 12, 2023, to stipulate the Company shall execute external performance evaluations at least once	

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td></td><td></td><td></td><td>every three years.
The Company has completed the Performance Assessment Review for the period from Jan 1, 2022 to Dec 31, 2022. For detailed information, please refer to pages 24-25.</td><td></td></tr>
<tr><td>(4) Does the Company regularly evaluate its CPAs’ independence?</td><td>V</td><td></td><td>(4) The Company assesses the qualifications and independence of CPAs on a regular basis (once a year) through Audit Committee and is referred to the Board for approval. The Company relies on the “Statement of Independence” provided annually by CPAs, with reference to the “Certified Public Accountant Act,” “Code of Professional Ethics No. 10, Integrity, Impartiality, Objectivity and Independence,” and AQI index to develop the following CPA evaluation items. The annual assessment was completed and resolved by Board of Directors on March 6, 2023 and no breach of independence has been identified and the rotation of the CPAs has been conducted in compliance with the relevant regulations.
<table>
<tr><th>Evaluation items</th><th>Result</th></tr>
<tr><td>Do the CPAs violate Article 6 or Article 4 of “Certified Public Accountant Act”?</td><td>✓</td></tr>
<tr><td>Do the CPAs have direct or indirect financial interest with the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs and the Company have inappropriate interests?</td><td>✓</td></tr>
<tr><td>Do the CPAs serve the Company within two years before the practice?</td><td>✓</td></tr>
<tr><td>Do the CPAs permit others to practice under their name?</td><td>✓</td></tr>
<tr><td>Do the CPAs and the members of audit team have shares of the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs have fund lending with the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs have relationship of collective investment or profit sharing with the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs currently employed by the Company to perform routine work for which receives a fixed salary, or currently serves as a director?</td><td>✓</td></tr>
<tr><td>Do the CPAs have management functions related to decision-making of the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs receive any commission about business?</td><td>✓</td></tr>
<tr><td>Do the CPAs are spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company?</td><td>✓</td></tr>
<tr><td>Do the CPAs have been the audit accountants of the Company over 7 years?</td><td>✓</td></tr>
<tr><td>Do senior auditors have sufficient audit experience to perform audit work?</td><td>✓</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”</th></tr>
<tr><th>Yes</th><th>No</th><th>Summaries</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Evaluation items</th><th>Result</th></tr>
<tr><td>Does the firm have sufficient quality control manpower to support the audit team?</td><td>✓</td></tr>
<tr><td>Has the proportion of fees from non-audit services affected independence?</td><td>✓</td></tr>
<tr><td>Does the firm’s quality control and audit cases are in compliance with relevant laws and standards?</td><td>✓</td></tr>
<tr><td>Does the accounting firm commit to enhance audit quality, including the firm's innovation ability and planning?</td><td>✓</td></tr>
</table></td><td></td></tr>
<tr><td>4. Has the company appointed an appropriate number of suitable corporate governance personnel, and designated an officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handing matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)?</td><td>V</td><td></td><td>The Company’s corporate governance unit is the Finance Division, which is responsible for corporate governance-related matters. On May 12, 2020, the Board of Directors approved the Financial & Accounting Officer, Phoebe Chang, as Company Secretary. Phoebe Chang holds CPA certification, suits the criteria of serving as the Company Secretary.
The main responsibilities are as follows:
(1) To handle matters relating to the Board of Directors meetings and Shareholders Meeting in accordance with the Law.
(2) Company registration and change of registration.
(3) Produce minutes of Board of Directors and Shareholders Meetings, etc.
(4) To assist in the implementation and strengthening of corporate governance.
(5) To provide information necessary for the directors to carry out their business.
(6) Assist directors in their appointment, compliance with statutes and continuing education.
(7) Others regulated by laws and regulations.
For the Company’s 2022 Governance Report, please refer to the Company’s website. For details related to the training received by the Company Secretary, please see the table below.</td><td>No discrepancy</td></tr>
<tr><td>5. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?</td><td>V</td><td></td><td>The Company has a spokesperson and acting spokesperson, and has set up a section on the Company’s website to describe communication with stakeholders and provide contact information of the relevant counterparts in order to properly respond to important issues of concern to stakeholders, and to respond in the ESG report. The results of stakeholder communications are reported to the Board of Directors on an annual basis, and the latest results were reported to Board on November 3, 2022.</td><td>No discrepancy</td></tr>
<tr><td>6. Has the Company appointed a professional registrar for its Shareholders Meetings?</td><td>V</td><td></td><td>The Company has appointed the Stock Agency Department of KGI Securities as the Company’s stock agency and to handle the affairs relating to the Shareholders Meetings.</td><td>No discrepancy</td></tr>
</table>

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company has disclosed the relevant business, financial and corporate governance practices on the Company's website. (http://www.wistronits.com/tw/)	No discrepancy
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investor conferences etc.)?	V		(2) The Company has set up a website to provide relevant information for shareholders' and stakeholders' reference, and has a spokesperson to maintain communication channels with the media, so that material information that may affect shareholders and stakeholders can be disclosed immediately and properly. The information provided by the Company's participation in the Investor Conferences is available on the Company's website. The Company has set up an English website as well, disclosing financial, business and corporate governance related information.	
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial statements for the first, second and third quarter and each month's operating performance ahead of the required deadline?	V		(3) The Company does not announce and report its annual financial statements within two months after the end of the fiscal year. However, the Company still announces and reports its annual financial statements (within three months), first, second and third quarterly financial statements (within 45 days) and monthly operations (before the 10th day of each month) within the period stipulated in Article 36 of the Securities and Exchange Act.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee right, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(1) Staff Rights and Employee Care: For the rights and benefits of the Company's employees and employee care, please refer to the "Labor Relations" in Chapter 5, Operating Overview of this annual report. (2) Investor Relations: The Company aims to protect the interests of its shareholders and treats all shareholders fairly. In accordance with the relevant regulations, the Company immediately announces important corporate information on financial, business and internal shareholding changes on MOPS. In addition, in order to ensure that shareholders have the right to be fully informed of, participate in and decide on material matters of the Company, the Company has a spokesperson and an acting spokesperson to handle shareholders' suggestions, queries and disputes. The Company also provides shareholders with adequate opportunities to ask questions or make proposals to achieve checks and balances. (3) Supplier relations: The Company conducts audits and management of its suppliers on the basis of integrity to confirm that they are able to follow relative regulations of integrity, corporate social responsibilities, environmental treaties, labor safety, and health issues. The management of our suppliers can be found in our ESG report. (4) Stakeholder rights:	No discrepancy

Items of Evaluation	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summaries	
			The Company maintains a stakeholder section on the Company's website and provides relevant contact information to protect the rights of stakeholders. (5) Annual education and training for Board members: The Company actively encourages Directors to participate in the relevant courses organized by the competent authorities. Please refer to the following table for training of Directors and managers in relation to corporate governance. (6) Implementation of risk management policies and risk measurement standards: The Company's Board has approved to establish "Rules of Risk Management" on November 9, 2020, and revised and renamed as "Procedures for Risk Management" on August 4, 2022, as a guideline for risk management. The Company evaluates risk regularly, and develops policies in terms of risk identified. The Company's ESG Committee was responsible for supervision of risk management as well as reports annually to the Board of Directors. For corresponding details of risk management mechanism, please refer to the Company's website. (7) Implementation of Client Policy: The Company has always kept clients' confidentiality. In the case where the clients compete with each other, different teams are formed internally to serve them. The Company also uses firewalls for data of clients, and strictly prohibits the discussion of client confidential information during work in order to achieve the goal of protecting clients. (8) Liability Insurance for Directors and Supervisors: The Company has purchased liability insurance for Directors and managers and reported the relevant information, including the amount insured, coverage, and insurance rates, to the Board of Directors on January 12, 2023.	

9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Corporate Governance Center of the TWSE in the last year and provide priority measures and measures for those who have not yet improved.
   (1) The Company ranked among the top 5% of the TPEx listed companies in the 9th Corporate Governance Evaluation.
   (2) According to the results of this evaluation, the main improvement areas are:
      A. Number of independent directors is higher than the number required by law, to strengthen the supervisory function of the Board of Directors.
      B. Based on the conception of corporate responsibility and sustainability, the Company established ESG Committee.
      C. Appointment of 2 female Independent Directors to increase the gender diversity of the Board.
   (3) For other areas that have not yet been improved, the expected priorities for improvement are:
      A. The Company regulated to execute external performance evaluations for Board at least once every three years, to enhance awareness of the duties of a director.
      B. The Company plans to apply for TIPS certification, to improve management of intellectual property.
      C. The Company plans to increase numbers of investor conferences, to promote communication with investors.

Continuing education of Directors and Managers:					
Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours
Chairman	Ching Hsiao	2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
Director	Frank Lin	2022.03.10	QIC, Georgeson, and Taiwan Stock Exchange	Independent Directors and the 2022 Shareholders' Meeting from an International Perspective.	1
		2022.05.12	Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association	International Twin Summit.	2
		2022.07.20	Taiwan Stock Exchange and Taipei Exchange	"Sustainable Development Roadmap" Industry Theme Promotion Conference	2
		2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
		2022.10.28	Securities and Futures Institute	2022 Prevention of Insider Trading Conference	3
Director	Marty Chiou	2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
Director	Philip Peng	2022.03.10	QIC, Georgeson, and Taiwan Stock Exchange	Independent Directors and the 2022 Shareholders' Meeting from an International Perspective.	1
		2022.04.20	Taiwan Corporate Governance Association	From Intellectual Property Management Perspective to Legal Responsibility of Directors.	3
		2022.05.12	Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association	International Twin Summit.	2
		2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
		2022.10.26	Taiwan Corporate Governance Association	Corporate Governance of Group Company.	3
Independent Director	Yen Ling Fang	2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
Independent Director	Jennifer Hwang	2022.06.28	Taiwan Institute of Directors	Exploring The Core Competitiveness of the Next Generation in the Era of Drastic Changes.	3
		2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
		2022.10.19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit XVIII-Improve the Functions of Directors and Implement the Company's Sustainable Management.	6

Continuing education of Directors and Managers:					
Title	Name	Date for Attending Continuing Education	Hosted By	Course Title	Hours
Independent Director	Mark Fan	2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
		2022.11.18	Securities & Futures Institute	Circular Economy Benefits and its Business Model.	3
		2022.12.15	Securities & Futures Institute	How Do Directors and Supervisors Supervise the Company to Establish and Improve Risk Management System.	3
Independent Director	Allen Tsai	2022.06.28	Taiwan Institute of Directors	Exploring the Core Competitiveness of the Next Generation in the Era of Drastic Changes.	3
		2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
		2022.12.02	Taiwan Institute of Directors	The Key to the Everlasting Growth of Family Businesses after Epidemic.	3
Independent Director	Y.K. Chu	2022.06.17	Securities & Futures Institute	Financial Information Most Likely to be Overlooked by Directors.	3
		2022.08.23	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Application of Decision-Making.	3
		2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
Financial & Accounting Officer & Company Secretary	Phoebe Chang	2022.06.28	Taiwan Institute of Directors	Exploring the Core Competitiveness of the Next Generation in the Era of Drastic Changes.	3
		2022.07.14~ 07.15	Accounting Research and Development Foundation in Taiwan	Advanced Course for Accounting Supervisor of Issuers, Securities Firms and Stock Exchange.	12
		2022.09.30	Taiwan Corporate Governance Association	2030/2050 Green Industrial Revolution.	3
				Key Reminders for Companies on Legal PR.	3
		2022.10.27	Securities & Futures Institute	TCFD Discloses Practices and the Roles of Directors.	3

3.4.4 Composition, responsibilities and operations of the Compensation Committee and Nominating Committee

A. The composition of the Compensation Committee

April 30, 2023

Title	Qualification / Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently a member of Compensation Committee
Independent Director (Convener)	Jennifer Hwang	Please refer to pages 13-15 for professional qualifications and experience of Directors.		0
Independent Director	Mark Fan			0
Independent Director	Y.K. Chu			0

B. Responsibilities of the Compensation Committee

In accordance with Article 6 of the Company's "Compensation Committee Charter" the Compensation Committee has the following responsibilities:

(1) Prescribe and periodically review the performance and compensation policy, system, standards, and structure for directors and managerial officers.
(2) Periodically evaluate and prescribe the compensation of directors and managerial officers.

When performing the official powers of the preceding paragraph, the Compensation Committee shall follow the principles listed below:

(1) With respect to the performance assessment and compensation of Directors and managers of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
(2) It shall not produce an incentive for the Directors or managers to engage in activity to pursue compensation exceeding the risks that the Company may tolerate.
(3) It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its Directors and senior management and the time for payment of the variable part of compensation.

C. Operation of Compensation Committee

(1) The Compensation Committee consist 3 members.

(2) The term of service of 5th Compensation Committee was from June 9, 2022 to May 25, 2025. Total of 4 Compensation Committee meetings were held in 2022. The members' participation status is as follows:

	Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
5th	Convener	Jennifer Hwang	2	0	100%	New-elected
	Member	Mark Fan	2	0	100%	
	Member	Y.K. Chu	2	0	100%	
4th	Convener	Allen Fan	2	0	100%	End of Term
	Member	Frank Juang	2	0	100%	
	Member	C.K.Chiang	2	0	100%	

Other noteworthy items:

1. If the Board of Directors declines to adopt or modify a recommendation of the Compensation Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Compensation Committee's opinion (e.g., the compensation passed by the Board of Directors exceeds the recommendation of the Compensation Committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the Compensation Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. Please refer to pages 53-56 for Major Resolutions of Board Meetings for the dates, items, and resolutions of Compensation Committee for the present year.

D. The composition and operation of Nominating Committee

(1) To ensure the soundness of the Board and strengthen the management mechanism, the Company establish a Nominating Committee in December, 2020. The committee is composed of Chairman and 4 Directors (including 3 Independent Directors). Director Frank Lin and Independent Director Allen Tsai possesses excellent management experience of corporate governance practices, whereas Chairman Ching Hsiao, Independent Director Mark Fan, and Independent Director Y.K Chu has years of operational management experience, all committee members are full of talent of corporate governance, which met the qualification of this committee.

(2) Responsibilities of the Nominating Committee:

a. Laying down the standards of composition and qualification of the Board and managers, and electing and reviewing candidates for directors and managers based on such standards, as well as presenting the list of suggested candidates to the Board of Directors.

b. Establishing and developing the organizational structure of the Board and each committee, reviewing the qualification and potential interest conflict of committee members, and evaluating the independence of the independent directors.

c. Establishing and reviewing on a regular basis program for director continuing education and the succession plans of directors and managers.

d. Other matters to be performed by the Committee pursuant to the resolution of the board of directors.

(3) Qualification and Operation of Nominating Committee:

a. The Nominating Committee consist 5 members.
b. The term of service of 2nd Nominating Committee was from May 26, 2022 to May 25, 2025. Total of 3 Nominating Committee meeting were held in 2022. The members' participation status is as follows:

	Title	Name	Professional Qualifications and Experience	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
2nd	Convener	Mark Fan	Please refer to pages 13-15 for professional qualifications and experience of Directors.	2	0	100%	New-elected
	Member	Ching Hsiao		2	0	100%	Re-elected
	Member	Frank Lin		2	0	100%	Re-elected
	Member	Allen Tsai		2	0	100%	New-elected
	Member	Y.K. Chu		2	0	100%	New-elected
1st	Convener	C.K.Chiang	-	1	0	100%	End of term
	Member	Ching Hsiao		1	0	100%	Re-elected
	Member	Frank Lin		1	0	100%	Re-elected
	Member	Frank Juang		1	0	100%	End of term
	Member	Allen Fan		1	0	100%	End of term

Other noteworthy items:
Specify the date of the meeting, session, content of the motion, suggestions or objections by committee members, resolution by the Nominating Committee, and the Company's response to the Nominating Committee's opinion:
Major resolutions of Nominating Committee meetings for the present year were all resolved, please refer to pages 53-56 for Major Resolutions of Board Meetings for the meeting results of Nominating Committee.

3.4.5 Sustainable development and deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1. Does the Company establish a sustainable development governance structure, and set up a division that is (either solely or in addition to other tasks) on sustainable development; in addition, has the Board of Directors authorized executive management level to deal with, and supervised the result of such issues?	V		The Company established "ESG Committee" under the Board of Directors in 2022, as the highest-level sustainable development decision-making center within the Company. The ESG Committee composed of Directors and managers, and is responsible for coordinating sustainable development directions and setting medium-term and long-term plans. The Company has established "ESG Implementation Office" under the ESG Committee. Through task groups regular meetings identifying sustainable topics related to company operations and stakeholders, ESG Implementation Office formulates corresponding initiatives to ensure that the sustainable development is fully implemented in the Company's daily operations. ESG Committee report to the Board of Directors implementation and future plan of the corporate sustainability quarterly. Three meetings were held in 2022. The Board listened to reports from ESG Committee, reviewed the progress of strategy, and implementation, and provided suggestion to the team.	u
2. Does the Company, based on the principles of importance, conduct risk assessments for its environment, social and corporate governance issues in relation to its operation, and set up relevant risk management policies or strategies?	V		In accordance with our "Procedures for Risk Management", the Company performs risk evaluations of environmental, social, corporate governance, and technology issues related to operations, by order of importance, at least once a year, as well as formulate and implement management strategies and goals based on the evaluation results. In 2022, the Company collected data on risk events that occurred in actual operations, as well as on the sources and impacts of these events. After which, through a rolling risk assessment process model, major risks were identified. Including in 4 categories which are environmental, social, corporate governance, and technology innovation, there were 12 risk items in total. The organizational boundary of risk assessment in 2022 encompasses all offices in Taiwan and China. Based on the results of the risk assessment, the following relevant risk management policies or strategies were formulated:	No discrepancy

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			(1) Environmental: Includes risks such as non-compliance to environmental and emerging infectious diseases risk. As a member of the IT service industry, the major strategies for environmental risk are decrease of usage of water and waste. The Company strives to increase the efficiency of our use of various resources, as well as reduce the stress on the environment. Meanwhile, each year the Company continues to monitor the financial impact of physical risks (such as natural disasters). Meanwhile, the Company deployed all necessary hardware and software for remote communications to manage remote delivery in response to the emergence of new infectious diseases. (2) Social: Includes risks related to human rights, talent attraction and retention, talent development, and customer services. The Company aims to reduce social risks and impacts by implementing strategies such as establishing "Human Rights Policy", providing competitive rewards and talent development programs, adding career training courses for employees, and formulating critical talent development plans. In addition, the Company established a client service hotline and communication website, proactively conducted client satisfaction surveys, and leveraged remote or international delivery systems to strengthen our partnerships with clients. (3) Corporate Governance: Includes foreign exchange rate, accounts receivable management, corruption and bribery, and geopolitical risk. In response to the risk of exchange rate fluctuations caused by the market, the Company has maintained communication with external institutions to keep track of changes and trends in the international market, allowing to adjust operating capital where appropriate. On the other hand, to avoid credit risks caused by trading partners failing to fulfill contractual obligations, or operational risks caused by internal control errors, the Company has established a governance structure and implemented an internal control system, as well as further integrated operational information to build a business support platform, fully	

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			enhancing operation management system. In addition, the Company not only ensures the signing of integrity commitments by Directors, managers, employees, and suppliers, but also regularly promotes and trains relevant personnel on the concept of operating with integrity to implement the core values of the Company's integrity management. Finally, the company constantly monitors market developments and adjusts strategies in a timely manner to respond to changes in the overall economic environment. (4) Technological Innovation: Includes information security and risk related to technologies and law. As technologies in the industry continue to evolve, information security risks have also increased. To ensure proper information security management, our Company has actively enforced ISO27001 certification in all of our regional offices and has also intensified our efforts to educate our employees about information security. Please refer to Chapter 5.6 in this annual report for more detail. For more details, please refer to the "Risk Management" chapter in the Company's sustainability report, available on the Company's website.	
3. Environmental Issues (1) Has the Company set up suitable environmental management systems based on its industry features?	V		(1) The Company is engaged in IT services, in terms of environmental management, mainly committed to improving the use of resources and reducing the impact of environmental burdens. In addition to formulating waste management strategies and measures, the Company also promotes water and electricity conservation, and waste separation and disposal to our employees in the workplace. Please refer to the chapter of "Environment Friendly" in the Company's ESG Report, available on the Company's website.	No discrepancy
(2) Does the Company dedicate itself to maximize the effectiveness of various energy uses, as well as utilize recycled materials that have a lower impact on our environment?	V		(2) The Company serves in the IT service industry, and does not participate in manufacturing, which utilizes various resources and impacts the environment. However, the Company still aims to increase the efficiency of various resource utilization as well as reduces impact on the environment: a. Replacing water-saving equipment. b. Optimizing and adjust the use time of air conditioning. c. Implementing resource recycling.	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(3) Has the Company completed the evaluation on how climate change will potentially create risks as well as opportunities for the Company, both in the present and the future, and implemented climate change related counter-measures?</td><td>V</td><td></td><td>(3) Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company takes into account different aspects such as governance, strategy, risk management indicators and goals. The Company has identified key physical risks, transformational risks, and business opportunities caused by climate change. The Company has used these evaluation results to inform operational strategies, our business model, and financial planning, allowing us to take appropriate measures to respond to these risks. Detailed information about these measures can be found on the Company’s website as well as in the “Risk Management” chapter of the ESG report.</td><td></td></tr>
<tr><td>(4) Has the Company gathered data on the carbon emission volume, water usage, and total volume of waste in the last two years, as well as set up policies on reducing its carbon footprints, energy conservation, reducing carbon emissions, reducing water use or other wastes?</td><td>V</td><td></td><td>(4) The Company has set up policies and goals related to reducing water usage, carbon emission volume, and waste.
1. Carbon emissions:
A. In the most recent 2 years (including parent company and all subsidiaries)
<table>
<tr><th>Year</th><th>2021</th><th>2022</th></tr>
<tr><td>Scope 1
(Ton CO2e)</td><td>14.6771</td><td>64.1010</td></tr>
<tr><td>Scope 2
(Ton CO2e)</td><td>1,015.29</td><td>742.3618</td></tr>
<tr><td>Per unit of revenue (kilotonCO2e/NT$ Billion)</td><td>0.166</td><td>0.101</td></tr>
</table>
B. Management and Implementation: To respond the global trend of carbon emissions, the Company continued to promote energy saving and carbon reduction, including using energy-efficient lighting, LED lights, environmental control system with power timing control energy-saving measures. The Company established a Greenhouse gas inventory task force, counting the volume of carbon emissions, and setting up a goal for reducing 6% emissions per unit of revenue until 2023, compared with base year of 2020. In 2022, the volume of emissions per unit of revenue was 0.139 kilotonCO2e/NT$ Billion, reducing 39.16% compared with 2021.
C. The Company obtained third-party verification (from BSI) for its carbon emission</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
(ISO 14064-1) for 2021 and 2022, and will receive the certification on May.
2. Water usage:
A. In the most recent 2 years (including parent company and all subsidiaries)
<table>
<tr><th>Year</th><th>2021</th><th>2022</th></tr>
<tr><td>water intake (kiloton)</td><td>5.314</td><td>5.626</td></tr>
<tr><td>Per unit of revenue (kiloton/NT$ Billion)</td><td>0.86</td><td>0.71</td></tr>
</table>
B. Management and Implementation: The Company is IT services company, main water usage from domestic water. The Company continues to actively promote water conservation and reminds employees to turn off the taps, as well as uses automatic sensor water taps and sanitation facilities with a water efficiency label, in order to conserve water. The Company has set up a mid-term goal for reducing 3% of water usage per unit of revenue until 2023, compared with base year of 2020. In 2022, water usage per unit of revenue was 17.4% reduced compared with 2021. In the future, the Company will continue to promote the concept of water conservation to employees and install water-saving devices to achieve our water-saving goals.
3.Waste management:
A. In the most recent 2 years (including parent company and all subsidiaries)
<table>
<tr><th>Year</th><th>2021</th><th>2022</th></tr>
<tr><td>Hazardous Waste (tons)</td><td>0.015</td><td>0.03</td></tr>
<tr><td>Non-Hazardous Waste (tons)</td><td>28.612</td><td>31.83</td></tr>
<tr><td>Recycling Rate (%)</td><td>5.61</td><td>8.16</td></tr>
<tr><td>Per unit of revenue (ton/NT$ Billion)</td><td>4.63</td><td>4.01</td></tr>
</table>
(Note) Waste Recycling Rate: Amount of recycled waste/total waste
B. Management and Implementation: The Company is IT services company, main wastes from general waste. The Company continues to actively promote reducing the waste and classification, The Company has set up a mid-term goal for reducing 3% of waste per unit of revenue until 2023,
</td><td></td></tr>
</table>

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			compared with base year of 2020. In 2022, waste per unit of revenue was 4.01 ton/NT$ Billion, 13.39% reduced compared with 2021. Details can be found in the Environment Friendly" chapter in the Company's ESG Report, available on the Company's website.	
4. Social Issues (1) Has the Company established management policies and procedures in accordance with relevant laws and regulations and international human rights treaties?	V		(1) The Company complies with the laws and regulations of each operational location, and refers to international human rights standards and advocacy such as the "Universal Declaration of Human Rights," the "UN Global Compact," and the "UN Guiding Principles on Business and Human Rights" to promulgate "Human Rights Policy." In addition, the Company provides a safe and healthy working environment, maintains zero injury records, strictly prohibits the use of child labor, has had no incidents of forced labor, and prohibits all kinds of discrimination, encourages the employment of indigenous people and people with disabilities, provides paternity leave and childcare leave, etc., and emphasizes equal opportunities for job security; the Company also regularly conducts a variety of staff activities (seminar, afternoon tea, festival events, hiking, sports competitions, etc.) to take care of our staff.	No discrepancy
(2) Has the Company established and implemented reasonable employee benefit measures (including compensation, vacation and other benefits, etc.) and appropriately reflect operating performance or results in employees' compensation?	V		(2) In addition to complying with the laws and regulations, the Company will determine and implement employee welfare measures (including compensation, leave and other benefits) that are superior to or in accordance with the laws and regulations, taking into account the overall operating performance of the Company and the industry situation, and will distribute employee profit sharing bonus in accordance with "Articles of Incorporation" that appropriately reflect the operating results in employee compensation, so as to live and prosper together with employees. Please refer to Chapter 5.5 in this annual report for more detail.	
(3) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for its employees?	V		(3) The Company has always attached great importance to environmental safety and health. In terms of working environment, the Company regularly disinfects and tidies up the working environment, sets up a	

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			breastfeeding room, as well as safety and health management staff, nurses, and emergency care personnel; in addition, the Company has established an emergency response team and established emergency management procedures to respond to emergencies. The Company also arranges regular health check-ups and occasional health talks for supervisors and colleagues every year. There were no incidents of workplace safety in 2022.	
(4) Has the company established an effective career development training program for its employees?	V		(4) The Company believes that "people-oriented" and "keeping good employees in the company." Based on the job category and levels of colleagues, the Company has developed and implemented a training system to improve the capabilities and competitiveness of manpower.	
(5) Does the Company comply with relevant regulations and international standards on customer health and safety, customer privacy, marketing and labeling of its products and services, and formulate relevant policies and complaint procedures to protect consumer or customer rights?	V		(5) The Company's customers are mainly corporate customers with no direct contact with consumers; it provides IT services with a focus on protecting customer privacy, intellectual property, and trade secrets. The Company has policies and strict internal control mechanisms for the information provided by customers. In addition to controlling all software and hardware that contain technical information and information that may involve customers' intellectual property rights and trade secrets, the Company will also sign confidentiality agreements with customers and suppliers to protect the security of customers' confidential information.	
(6) Does the company have a supplier management policy requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?	V		(6) The Company states in the contract that the supplier shall comply with the requirements of the "Code of Conduct" and the "Code of Integrity" stipulated by the Company, and is committed to improving the signing rate of the supplier's Integrity commitments. Suppliers shall also implement environmental protection, labor safety and health laws and regulations, and cooperate with the government to promote environmental protection, energy conservation and carbon reduction, and enhance corporate social responsibility policies, and work together to protect labor rights and interests and increase profits for clients, in order to create a mutually beneficial relationship between the Company, customers and the	

Item	Implementation Status			Deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			suppliers.	
5. Does the Company make reference to international standards or guidelines for the preparation of reports, such as ESG reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party verification confirmation or assurance on the aforementioned report?	V		The Company's ESG Report is written in accordance with the GRI Standards developed by the Global Reporting Initiative (GRI) and meets the requirements of regular disclosure. In the future, the Company shall seek verification from a third party in accordance to needs.	The Company's ESG Report meets the requirements of Core Disclosure, and will seek verification from a third party in the future if needed.
6. If the Company has its own corporate social responsibility code in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please explain the difference between its operation and the code: The Company has established "Sustainable Development Practice Principles." Please refer to the Company's website. Its daily operations are carried out in accordance with the principles of implementing corporate governance, developing a sustainable environment, safeguarding social welfare and enhancing disclosure of corporate social responsibility information. There's no sign of deviation from the code.				
7. Other important information to facilitate understanding of sustainable development operations: Please refer to relevant information on "ESG" on our company website. (https://www.wistronits.com/en/).				

3.4.6. Ethics management performance and deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and reasons

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Has the Company formulated a policy of ethical management approved by the Board of Directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical management and the commitment of the board and senior management to actively implement the operating policy?	V		(1) Integrity is core value, as well as the basis of business operation of the Company. The Company has established a "Code of Integrity", "Code of Conduct" and "Corporate Governance Principles", which apply to the Company's Directors, managers, employees and other relevant personnel and these principles are disclosed on the Company's website and MOPS. New employees sign statements of compliance with the "Code of Integrity" and "Code of Conduct" on the day of their induction, and Directors and managers also sign a statement of compliance with the "Code of Integrity", to commit implementation of ethical policy. The signing rate is	No discrepancy

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
(2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the Article 7 paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", to prevent unethical behavior?	V		100%. (2) The Company has established a mechanism for evaluating the risk of unethical behavior based on the "Code of Integrity", analyzing the business activities in the business area with a higher risk of breach of integrity conduct and strengthens the relevant preventive measures when formulating preventive plans. Precautionary measures have been developed to cover the following behaviors: A. Offering and acceptance of bribes. B. Illegal political donations. C. Improper charitable donations or sponsorship. D. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. E. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. F. Engaging in unfair competitive practices. G. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	
(3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?	V		(3) The Company clearly defined the operating procedures and behavior guidelines for violations in the unethical conduct prevention plan in the "Code of Integrity", and "Code of Conduct" specifies avenues of redress and prohibited conduct, which includes principles and standards for conflict of interest avoidance, gifts and business entertainment, political contributions and charitable giving. The HR & Administration Division is responsible for the supervision and implementation of such, and regularly review adequacy and effectiveness of the prevention plan.	
2. Ethic Management Practice (1) Does the Company assess the ethics of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(1) Before the Company establishes a business relationship with customers or other business dealers, it assesses the legality and integrity of its business policy, explains the Company's integrity policy and related regulations to the other party in the course of engaging in business activities, and includes compliance with the integrity policy in the contract terms, including clear and reasonable payment content,	No discrepancy

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
			handling of cases involving unethical acts, handling of violations of contract terms prohibiting commissions, rebates or other benefits, and expressly refuses to provide, promise, demand or accept any form or shape of improper benefits, directly or indirectly, and immediately ceases to deal with and is listed as an object of refusal once the dishonest acts are discovered.	
(2) Has the Company established a unit affiliated with the Board of Directors to promote corporate ethical management, and regularly (at least once a year) report to the Board its ethical management policies and plans to prevent unethical conduct and monitor implementation?	V		(2) The Company has established "Procedures for Preventing Insider Trading," "Code of Conduct," and "Code of Integrity," and disclosed the policies on the Company's website. In order to manage the Company's business with integrity, the HR & Administration Division is responsible for formulating and supervising the implementation of integrity management policies and corresponding prevention plans, and for reporting its operations to the Board of Directors on a regular basis (once a year). The operations in 2022 were reported to the Board of Directors on November 3, 2022.	
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company has clearly stated the conflict of interest policy and conflict situations/standards in the "Code of Integrity" and the "Code of Conduct", requiring the relevant personnel to avoid such and to take the initiative to fully report to their immediate supervisors, the officer of HR & Administration Division, or the Board of Directors when they are aware of or face similar situations.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, where the internal audit unit prepared relevant audit plans based on the result of risk assessment of unethical conducts, and checked the compliance with the plan to prevent unethical conducts, or delegated an accountant to perform the verification?	V		(4) The Company has always focused on ensuring the accuracy and integrity of its financial reporting process and its controls, and has designed relevant internal control systems to address operating procedures that carry a high potential risk of unethical conduct. Internal audit also conducts audits in accordance with the annual audit plan drawn up based on the risk assessment results, and reports the audit results to the Board of Directors and management and formulates subsequent improvement plans to implement the audit results.	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(5) New employees and all new supervisors are required to undergo ethics/integrity training on the day of their induction, and all colleagues are required to undergo regular educational training for compliance with the "Code of Integrity" and "Procedures for Preventing Insider Trading" and	

Item	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies" and Reasons
	Yes	No	Summary	
			relevant regulations at least once every year. The Company conducted an educational campaign on Nov. 14, 2022. The training content included corporate governance and risk management, compliance with integrity policy, confidentiality of material information, and reasons, recognition process, and example of insider trading. The relevant regulatory information and course slides and video files were made available to employees and uploaded to the internal employee system for reference by those who were not in attendance. 5,176 employees attended the training for a total of 1,280 hours, of which, new recruit trained by e-learning and was 100% trained during this year. In addition, the Company promotes the concept of integrity management by public notice quarterly.	
3. Implementation of Complaint Procedures (1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) The Company adopts a concrete whistle-blowing system to prevent unethical behavior. Anyone who finds a violation of the standards of ethical conduct may report it directly to the officer of the HR & Administration Division, the officer of the Audit Office, the Chairman, or through the employee grievance channel. The Company has set up a whistle-blowing email and disclosed on the Company's website. Responsible unit will handle the complaint as soon as it received.	No discrepancy
(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established a complaint procedure, from the filing, inspection and investigation of the complaint, there are clear operating procedures, For the violating manager or employee, the punishment, including dismissal or termination of appointment, will be taken in accordance with the relevant provisions of the "Employee Reward and Punishment Procedures", depending on the severity of the case. The Company will deal strictly with any business dealings that violate the principles of integrity and honesty, and will reduce or cancel its cooperation with the Company or refer the matter to the appropriate judicial authorities depending on the severity of the circumstances. The Company keeps the filing and investigation procedures confidential and has clearly defined the internal regulations.	
(3) Does the Company adopt proper measures to prevent a	V		(3) The Company treats all complaint seriously and confidentially. The	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>complainant from retaliation for his/her filing a complaint?</td><td></td><td></td><td>Company will protect against unfair reprisals or treatment of persons who are involved in the investigation process in which they are reported or cited. Any behavior aforementioned will be deemed to serious misconduct when it has been proven, and the punishment will be taken in accordance with the relevant provisions of the Company’s reward and punishment policy.</td><td></td></tr>
<tr><td>4. Information Disclosure
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and MOPS?</td><td>V</td><td></td><td>The Company has disclosed the contents and implementation of the “Code of Integrity” on the Company’s website and MOPS.</td><td>No discrepancy</td></tr>
<tr><td colspan="5">5. If the Company has its own integrity code in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies”, please explain the difference between its operation and the code:
The Company has established a “Code of Integrity”, which is not materially different from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Limited Companies” and is available on the Company’s website.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the Company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy).
The Company reviews the “Code of Integrity” in accordance with laws and regulations and makes amendments in the light of the actual operation, and upholds the principle of honesty and integrity to its trading partners and strengthens its advocacy.</td></tr>
</table>

3.4.7 Inquiry on corporate governance principles and related regulations of this Company:

Please refer to the Company’s website or Market Observation Post System.

3.4.8 Other information material to the understanding of corporate governance within the Company: None

3.4.9. Internal control system execution status

A. Statement on Internal Control

Wistron Information Technology and Services Corporation

Statement on Internal Control

Date: March 06, 2023

Based on the findings of a self-assessment, Wistron Information Technology and Services Corporation (“Wistron ITS”) states the following with regard to its internal control system during the year 2022：

1. Wistron ITS’s Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Wistron ITS takes immediate remedial actions in response to any identified deficiencies.
3. Wistron ITS evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Wistron ITS has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Wistron ITS believes that, as of December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Wistron ITS’s annual report for the year 2022 and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors in their meeting held on March 06, 2023, with none of the 9 attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

Wistron Information Technology and Services Corporation

Chairman: Ching Hsiao

General Manager: Ching Hsiao

B. If CPA was retained to conduct a special audit of the internal control system, disclose the audit report: None.

3.4.10 Legal penalties by competent authority to the Company or its employees, and the Company's punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and up to the publication date of this annual report: None.

3.4.11 Major resolutions of Shareholders meeting and Board meetings

A. Major resolutions of Shareholders meeting

Date	Important resolution	Implementation Status
2022.05.26	1. Ratification of the Business Report and Financial Statements of 2021.	Resolved by vote.
	2. Ratification of the proposal for distribution of 2021 profits.	Resolved by vote. Since the Company's total numbers of shares outstanding were changed due to transfer of treasury shares to employees, the payout ratio of cash dividends was adjusted to NT$4.5873986. The ex-dividend record date was July 25, 2022, and the cash dividends were allocated on August 5, 2022.
	3. Approval of amendments to the "Articles of Incorporation."	Resolved by vote. The amended version was implemented, and registered on July 7, 2020.
	4. Approval of amendments to the "Procedures for Acquisition and Disposal of Assets."	Resolved by vote. The amended version was implemented.
	5. Approval of amendments to the "Rules of Procedure for Shareholders Meeting."	Resolved by vote. The amended version was implemented.
	6. Election of Directors (including Independent Directors) of the 14th Board.	Elected by vote. Directors: Ching Hsiao, Wistron Digital Technology Holding Company Representative: Frank Lin, Philip Peng, Marty Chiou. Independent Director: Yen Ling Fang, Jennifer Hwang, Mark Fan, Allen Tsai, Y.K. Chu. Term for the Directors was from May 26, 2022 to May 25, 2025. Registration was made on July 7, 2022.
	7. Approval of release of the prohibition on newly-elected Directors and their legal representatives from participation in competitive business.	Resolved by vote.

B. Major resolutions of Board of Directors

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
				Required by Article 14-5 of the "Securities and Exchange Act"	Resolutions	Discussion Items	Resolutions	Discussion Items	Resolutions
1st Board Meeting of 2022	2022.01.12	1. Approval of year-end bonus to managers (not including CEO) in 2021.	Resolved			✓	Resolved		
		2. Approval of salary adjustment to managers (not including CEO) in 2022.	Resolved			✓	Resolved		
		3. Approval of year-end bonus to CEO in 2021.	Resolved			✓	Resolved		
		4. Approval of salary adjustment to CEO in 2022.	Resolved			✓	Resolved		
		5. Approval of 100% shares owned subsidiary WIBJ to increase capital from retained earnings.	Resolved	✓	Resolved				
		6. Approval of increase or decrease amount of endorsements and guarantees.	Resolved	✓	Resolved				
2nd Board Meeting of 2022	2022.03.08	1. Approval of the distribution of employees' profit sharing bonus and directors' remuneration of 2021.	Resolved	✓	Resolved	✓	Resolved		
		2. Approval of 2021 directors' remuneration payout amount to directors.	Resolved			✓	Resolved		
		3. Approval of the business plan of 2022.	Resolved						
		4. Approval of the business report of 2021.	Resolved	✓	Resolved				
		5. Approval of the parent company only and consolidated financial statements of 2021.	Resolved	✓	Resolved				
		6. Approval of the proposal for distribution of 2021 profits.	Resolved	✓	Resolved				
		7. Approval of amendments to the "Articles of Incorporation."	Resolved						
		8. Approval of amendments to the "Procedures for Acquisition and Disposal of Assets."	Resolved	✓	Resolved				
		9. Approval of amendments to the "Rules of Procedure for Shareholders Meeting."	Resolved						

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
		10. Election of Directors (including Independent Directors) of the 14th Board.	Resolved						
		11. Nomination of candidate for Directors (including Independent Directors) of the 14th Board.	Resolved					✓	Resolved
		12. Approval of release of the prohibition on Directors from participation in competitive business.	Resolved						
		13. Approval of the time, venue and agenda of 2022 Annual Shareholders Meeting.	Resolved						
		14. Approval of appointing KPMG as audit CPAs in 2022.	Resolved	✓	Resolved				
		15. Approval of Statement on Internal Control of 2021.	Resolved	✓	Resolved				
3rd Board Meeting of 2022	2022.05.05	1. Approval of consolidated financial statements of 2022Q1.	Resolved	✓	Resolved				
		2. Approval of the application for bank facility.	Resolved						
		3. Ratification of acquisition or disposal of equipment for business use from subsidiaries.	Resolved						
4th Board Meeting of 2022	2022.05.26	1. Election of Chairman.	Resolved						
		2. Election of members of 2nd Nominating Committee.	Resolved						
5th Board Meeting of 2022	2022.06.09	1. Election of members of 5th Compensation Committee.	Resolved					✓	Resolved
		2. Approval of amendments to the "Corporate Social Responsibility Practice Principles" and renamed as "Sustainable Development Practice Principles."	Resolved						
		3. Approval of establishment of ESG Committee and enacting the "ESG Committee Charter."	Resolved					✓	Resolved
		4. Approval of amendments to the "Nominating Committee Charter."	Resolved					✓	Resolved

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
6th Board Meeting of 2022	2022.08.04	1. Approval of 2021 employees' profit sharing payout amount to managers (not including CEO).	Resolved			✓	Resolved		
		2. Approval of 2021 employees' profit sharing payout amount to CEO.	Resolved			✓	Resolved		
		3. Approval of amendments to the "Payment Principle for Compensation of Directors and Functional Committees."	Resolved			✓	Resolved		
		4. Approval of consolidated financial statements of 2022Q2.	Resolved	✓	Resolved				
		5. Approval of enacting "Procedures for Risk Management" to replace the "Rules of Risk Management".	Resolved						
		6. Approval of the application for bank facility.	Resolved						
7th Board Meeting of 2022	2022.11.03	1. Approval of consolidated financial statements of 2022Q3.	Resolved	✓	Resolved				
		2. Approval of 2023 Annual Audit Plans.	Resolved	✓	Resolved				
		3. Approval of enacting Non-assurance Services Pre-concurrence Policy - Using a General Policy Approach.	Resolved	✓	Resolved				
		4. Approval of amendments to the "Rules on Management Procedures for Preparation of Financial Statements."	Resolved	✓	Resolved				
		5. Approval of amendments to the "Procedures on the Management of Transactions with Specific Companies, Group Enterprises and Affiliates."	Resolved	✓	Resolved				
		6. Approval of amendments to the "Rules and Procedures of Board of Directors Meeting."	Resolved	✓	Resolved				
		7. Approval of enacting "Procedures for Handling Material Inside Information."	Resolved	✓	Resolved				
		8. Approval of amendments to the "Corporate Governance Principles."	Resolved						

Meeting	Date	Important resolution	Resolutions by Board	Audit Committee		Compensation Committee		Nominating Committee	
1st Board Meeting of 2023	2023.01.12	1. Approval of year-end bonus to managers (not including CEO) in 2022.	Resolved			✓	Resolved		
		2. Approval of year-end bonus to CEO in 2022.	Resolved			✓	Resolved		
		3. Approval of amendments to the "Rules and Procedures for Board of Directors and Functional Committees Performance Assessments."	Resolved			✓	Resolved		
2nd Board Meeting of 2023	2023.03.06	1. Approval of the distribution of employees' profit sharing bonus and directors' remuneration of 2022.	Resolved	✓	Resolved	✓	Resolved		
		2. Approval of the performance bonus budget to managers (not including CEO) in 2023.	Resolved			✓	Resolved		
		3. Approval of the performance bonus budget to CEO in 2023.	Resolved			✓	Resolved		
		4. Approval of the business plan of 2023.	Resolved						
		5. Approval of the business report of 2022.	Resolved	✓	Resolved				
		6. Approval of the parent company only and consolidated financial statements of 2022.	Resolved	✓	Resolved				
		7. Approval of the proposal for distribution of 2022 profits.	Resolved	✓	Resolved				
		8. Approval of Statement on Internal Control of 2022.	Resolved	✓	Resolved				
		9. Approval of amendments to the "Rules for Revenue Recognition and Accounts Payable (Including Contract Assets) Management."	Resolved	✓	Resolved				
		10. Approval of the time, venue and agenda of 2023 Annual Shareholders Meeting.	Resolved						
		11. Approval of amendments to the "Non-assurance Services Pre-concurrence Policy - Using a General Policy Approach."	Resolved	✓	Resolved				
		12. Approval of appointing KPMG as audit CPAs in 2023.	Resolved	✓	Resolved				

3.4.12 Major issues of record or written statements made by any director or supervisor dissenting to important resolutions passed by the Board of Directors: None.

3.4.13 Resignation or dismissal of the Company's key individuals, including the Chairman, CEO, and heads of Accounting, Finance, Internal Audit, Corporate Governance, and R&D: None.

3.5 Information Regarding the Company's attesting CPAs

The Company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services, and given any of the following conditions, shall disclose information as follows:

A. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

B. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

C. Audit Fees:

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Ming-Hung Huang	2022.01-2022.12	4,160	663	4,823	Note
	Chia-Chien Tang					

Note: "Others" including: Company registration, tax certification, TP report, application of investment in China, employees' profit sharing bonus reinvested as capital, and Employee salaries check table.

3.6 Replacement of Independent Auditors:

A. Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by BOD on March 8, 2022</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">In compliance with relevant regulatory requirements on rotation, the current engagement partner Ya-Ling Chen and Ming-Hung Huang at KPMG will be replaced by Ming-Hung Huang and Chia-Chien Tang at KPMG starting from 2022.</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td>-</td><td>-</td></tr>
<tr><td>The Opinions other than Unqualified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions.</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is there any disagreement in opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation: None.</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

B. Successor CPAs

Accounting Firm	KPMG Taiwan
CPA	Ming-Hung Huang, Chia-Chien Tang
Date of Engagement	Approved by BOD on March 8, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

C. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:

None.

3.7 Where the Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated companies of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

3.8 Changes in Shareholding of Directors, Supervisors, Managers, and Major Shareholders

Unit: Shares

Title	Name	2022		As of April 1, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & CEO	Ching Hsiao	50,000	0	0	0
Director & 10% shareholder	Wistron Digital Technology Holding Company	0	0	0	0
	Representative: Frank Lin	0	0	0	0
Director	Philip Peng	0	0	0	0
Director	Marty Chiou	0	0	(70,000)	0
Director	David Lee (Note 2)	0	0	0	0
Independent Director	Yen Ling Fang	0	0	0	0
Independent Director	Jennifer Hwang (Note 1)	0	0	0	0
Independent Director	Mark Fan (Note 1)	0	0	0	0
Independent Director	Allen Tsai (Note 1)	0	0	0	0
Independent Director	Y.K. Chu (Note 1)	0	0	0	0
Independent Director	Frank Juang(Note 2)	0	0	0	0
Independent Director	Allen Fan (Note 2)	0	0	0	0
Independent Director	C.K.Chiang (Note 2)	0	0	0	0
Vice President	Jamie Liu	38,500	0	0	0
Vice President	Phoebe Chang	30,000	0	0	0

Note 1: New elected on May 26, 2022.
Note 2: End of term on May 26, 2022.

3.8.1 Shares trading with related parties: None.

3.8.2 Shares pledge with related parties: None.

3.9 Relationship among the Top Ten Shareholders

April 1, 2023

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wistron Digital Technology Holding Company	15,718,837	23.41	-	-	-	-	Wise Cap Ltd.	Same Parent Company	
Representative: Robert Huang	216,689	0.32	0	0	0	0	None	None	
Ching Hsiao	3,272,280	4.87	139,506	0.21	0	0	None	None	
Wise Cap Ltd.	1,177,493	1.75	-	-	-	-	Wistron Digital Technology Holding Company	Same Parent Company	
Representative: Frank Lin	321,062	0.48	0	0	0	0	Wistron Digital Technology Holding Company	Director of the company	
HSBC in custody for Grandeur Peak Emerging Markets Opportunities Fund	1,164,400	1.73	-	-	-	-	None	None	
TS Holdings Inc.	1,027,538	1.53	-	-	-	-	None	None	
Representative: Takaaki Okamoto	-	-	-	-	-	-	None	None	
HSBC in custody for Grandeur Peak International Opportunities Fund	929,000	1.38	-	-	-	-	None	None	
CTBC in custody for Wistron Information Technology and Services Corporation	869,239	1.29	-	-	-	-	None	None	
HSBC in custody for Grandeur Peak Global Contrarian Fund	802,600	1.20	-	-	-	-	None	None	
Simon Lin	770,567	1.15	0	0	0	0	None	None	
Jamie Liu	610,453	0.91	0	0	0	0	None	None	

3.10 Ownership of Shares in Affiliated Companies

December 31, 2022

Affiliated Companies (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers/companies controlled either directly or indirectly by the company		Total Ownership	
	Shares	%	Shares	%	Shares	%
Wistron Information Technology and Services Inc.	180,000,000	100%	0	0%	180,000,000	100%
Wistron Information Technology and Services (Japan) Inc.	1,960	100%	0	0%	1,960	100%
Wistron Information Technology and Services Limited	10,000	100%	0	0%	10,000	100%
WITS AMERICA, CORP.	250,000	100%	0	0%	250,000	100%
WITS Taiwan, Inc.	500,000	100%	0	0%	500,000	100%

Note: Investments accounted for using the equity method of the Company.

3.11 Corporate Sustainability and Social Responsibility Management

To fulfill our corporate social responsibility, the Wistron ITS Board of Directors passed the “Sustainable Development Practice Principles” in June 2022, which clearly defines four main principles: (1) implementing corporate governance, (2) developing a sustainable environment, (3) upholding social causes, and (4) reinforcing the disclosure of information regarding corporate sustainability. These principles will act as the fundamental guidelines for Wistron ITS’ promotion of corporate sustainability. The Company established ESG Committee under the Board of Directors in 2022. The ESG Committee composed of Directors and managers, and established “ESG Implementation Office” under the Committee. 6 task groups were established, including environmental, corporate governance, stakeholder communication, social engagement, employee care, and risk management. Heads of departments act as group conveners and are responsible for planning and implementation of ESG strategies to ensure that the sustainable development is fully implemented in the Company’s daily operations. ESG Committee was convened quarterly, and the Board of Directors reviewed the progress of strategy, and implementation, and provided suggestion to the team.

A. Corporate Sustainability and Social Responsibility Management

In accordance with the “Sustainable Development Practice Principles”, Wistron ITS has created a corporate sustainability and social responsibility management system. Thus, as we continue to provide high-quality service, we are also able to continue conduct the management of environmental, social and corporate governance (ESG), as well as corporate social responsibility (CSR) and other issues of importance to the stakeholders.

B. Quality Management System (ISO 9001)

Wistron ITS pays great attention to the quality of services we provide to clients. All of our development processes comply with international quality standards, and we strive to deliver flawless, competitive services to our clients on time and on schedule.

C. Information Management System (ISO 27001)

Wistron ITS has continuously achieved ISO 27001 certification, the international standard for information security management systems. As part of our information security measures, we routinely conduct internal audits to ensure the confidentiality, integrity, and availability of our information. We use the “Plan-Do-Check-Act” Cycle to improve deficiencies identified during audits. We will continue to monitor and review management performance by adopting institutionalized, documented, and systematic systems.

D. Environmental Management System (ISO 14064)

Wistron ITS understands that all of our activities and services may have an impact on the environment. We have been proactive in adopting the ISO 14064 standard for checking greenhouse gas emissions, to effectively monitor our energy usage and reduce our impact on the environment by leveraging a green cycle. At the same time, we routinely conduct internal checks regarding the efficiency of energy usage, and implement a wide range of measures to reduce waste and water usage. We choose our suppliers carefully, requiring them to adopt environmentally friendly policies and measures to reduce pollution.

E. Occupational Health and Safety Management System (ISO 45001)

Wistron ITS values employee safety and provides a safe workplace by strictly adhering to the labor conditions required by local laws, as well as planning and implementing health and safety measures using a system guided by international regulations. We also provide health check-ups to monitor employees' health, as well as host health and wellness classes to help employees relieve stress and identify sources of danger and risk in the workplace. These measures ensure that our employees are able to work in a healthy and safe environment.

F. Responsible Business Alliance (RBA) Code of Conduct

Wistron ITS strictly adheres to local laws in every region we operate in. In accordance with internationally recognized human rights standards such as the UN's "Universal Declaration of Human Rights," the International Labor Organization Convention's "Declaration of Fundamental Principles and Rights at Work," and the ten principles of "The United Nations Global Compact," along with the Responsible Business Alliance Code of Conduct, we treat all employees and prospective employees with dignity and respect, while protecting workers' rights and benefits. We continue to enhance employee benefits and welfare, thereby establishing a trustworthy, healthy, and safe working environment to fulfill our social responsibilities.

4. Company Shares and Fund Raising

4.1 Capital and Shares

4.1.1 Changes in share capital

A. Type of Shares

April 1, 2023

Shares Category	Authorized capital (Shares)			Notes
	Issued shares (Note)	Non-issued	Total	
Common shares	67,152,301	52,847,699	120,000,000	TPEx listed

Note: Including Treasury shares 484,000 shares.

B. Issued Shares

Month/ Year	Issued Price (Par Value) (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Thousand Shares	Amount (NT$ thousands)	Thousand Shares	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1992.06	10	200	2,000	200	2,000	Issuance of Shares	None	
1992.09	10	1,074	10,743	1,074	10,743	New issuance of Shares by cash	None	
1993.12	10	3,000	30,000	3,000	30,000	New issuance of Shares by cash	None	
1996.11	10	4,500	45,000	4,500	45,000	New issuance of Shares by cash	None	
1997.11	10	5,000	50,000	5,000	50,000	New issuance of Shares by cash	None	
1998.12	10	5,576	55,762	5,576	55,762	New issuance of Shares from profit	None	
1999.05	10	7,168	71,687	7,168	71,687	New issuance of Shares by cash	None	
2000.07	10	8,298	82,989	8,298	82,989	New issuance of Shares from profit	None	
2002.10	10	17,298	172,989	17,298	172,989	New issuance of Shares by cash	None	
2004.04	10	19,965	199,656	19,965	199,656	Shares increase from merger	None	
2008.06	10	50,000	500,000	25,300	253,000	New issuance of Shares by cash	None	
2008.08	10	50,000	500,000	27,330	273,305	New issuance of Shares from profit	None	
2009.09	10	50,000	500,000	28,877	288,771	New issuance of Shares from profit	None	
2010.05	10/ 10.16	50,000	500,000	31,546	315,460	New issuance of Shares from profit and employee bonus & Issuance of employee stock option	None	
2011.01	10	50,000	500,000	31,579	315,790	Issuance of employee stock option	None	
2011.05	10/ 17.72	50,000	500,000	32,304	323,040	Issuance of employee stock option	None	
2011.09	10	50,000	500,000	32,354	323,540	Issuance of employee stock option	None	
2011.10	10	50,000	500,000	33,845	338,446	New issuance of Shares from profit and employee bonus	None	
2012.04	10/ 16.9	50,000	500,000	33,890	338,896	Issuance of employee stock option	None	

Month/ Year	Issued Price (Par Value) (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Thousand Shares	Amount (NT$ thousands)	Thousand Shares	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2012.10	10	50,000	500,000	35,245	352,452	New issuance of Shares from profit	None	
2013.01	10	50,000	500,000	35,345	353,452	Issuance of employee stock option	None	
2013.05	10/ 16.3	50,000	500,000	35,696	356,962	Issuance of employee stock option	None	
2013.10	10	50,000	500,000	37,124	371,240	New issuance of Shares from profit	None	
2014.01	32	50,000	500,000	41,765	417,650	New issuance of Shares by cash	None	
2014.09	10	50,000	500,000	42,600	426,003	New issuance of Shares from profit	None	
2015.09	10	50,000	500,000	43,878	438,783	New issuance of Shares from profit	None	
2018.08	10	50,000	500,000	48,213	482,137	New issuance of Shares from profit	None	
2019.01	46	80,000	800,000	60,213	602,137	New issuance of Shares by cash.	None	
2019.07	10	120,000	1,200,000	60,379	603,797	New issuance of Shares from employee bonus	None	
2019.08	10	120,000	1,200,000	66,401	664,011	New issuance of Shares from profit	None	
2020.06	10	120,000	1,200,000	66,708	667,083	New issuance of Shares from employee bonus	None	
2021.06	10	120,000	1,200,000	66,921	669,211	New issuance of Shares from employee bonus	None	
2022.08	10	120,000	1,200,000	67,152	671,523	New issuance of Shares from employee bonus	None	

C. Information regarding securities to be issued or already issued by shelf registration:
None.

4.1.2 Shareholding structure

April 1, 2023

Category/ Number	Government Institution	Financial Institution	Other Institution	Individual	FINI	Treasury Shares	Total
No. of Shareholders	0	4	227	21,257	70	1	21,559
No. of Shareholding	0	415,000	19,734,839	38,831,280	7,687,182	484,000	67,152,301
Percentage	0	0.62%	29.39%	57.82%	11.45%	0.72%	100.00%

4.1.3 The distribution of shareholdings

April 1, 2023 (Par Value: NT$10)

Category by shareholdings (shares)	No. of Shareholders	No. of Shares	Percentage
1 ~ 999	14,271	359,455	0.54%
1,000 ~ 5,000	6,256	10,842,780	16.15%
5,001 ~ 10,000	513	4,025,668	5.99%
10,001 ~ 15,000	155	1,973,345	2.94%
15,001 ~ 20,000	89	1,659,915	2.47%
20,001 ~ 30,000	75	1,912,692	2.85%
30,001 ~ 40,000	40	1,406,870	2.10%
40,001 ~ 50,000	35	1,604,685	2.39%
50,001 ~ 100,000	53	3,939,161	5.87%
100,001 ~ 200,000	42	6,249,081	9.31%
200,001 ~ 400,000	15	4,387,770	6.53%
400,001 ~ 600,000	5	2,448,472	3.65%
600,001 ~ 800,000	2	1,381,020	2.06%
800,001 ~ 1,000,000	3	2,600,839	3.87%
1,000,001 and above	5	22,360,548	33.28%
Total	21,559	67,152,301	100.00%

4.1.4 The list of major shareholders

April 1, 2023

Shares / Name	Number of shares held	Percentage
Wistron Digital Technology Holding Company	15,718,837	23.41%
Ching Hsiao	3,272,280	4.87%
Wise Cap Ltd.	1,177,493	1.75%
HSBC in custody for Grandeur Peak Emerging Markets Opportunities Fund	1,164,400	1.73%
TS Holdings Inc.	1,027,538	1.53%
HSBC in custody for Grandeur Peak International Opportunities Fund	929,000	1.38%
CTBC in custody for Wistron Information Technology and Services Corporation	869,239	1.29%
HSBC in custody for Grandeur Peak Global Contrarian Fund	802,600	1.20%
Simon Lin	770,567	1.15%
Jamie Liu	610,453	0.91%

4.1.5 Market price per share, net value, earnings & dividends for most recent two years

Unit: NT$

Item			2021	2022	2023(As of March 31)
Market Price Per Share	Highest		116.50	101.00	128.00
	Lowest		80.20	71.00	82.40
	Average		94.20	86.71	111.54
Net Value Per Share	Before Distribution		37.26	41.97	-
	After Distribution		32.64	(Note)	-
Earnings Per Share	Weighted Average Share Numbers		65,923	66,539	
	Earnings Per Share		6.91	8.33	-
Dividend Per Share	Cash Dividend		4.5873986	5.0 (Note)	-
	Stock Dividend	Retained Earning	0	0 (Note)	-
		Capital Surplus	0	0	-
	Accumulated unpaid dividends		0	0	-
Return on Investment Analysis	P/E Ratio		13.63	10.41	-
	P/D Ratio		20.53	17.34	-
	Cash Dividend Yield (%)		4.87%	5.77%	-

Note: Distribution of 2022 profits has not been ratified by Shareholders meeting.

4.1.6 Dividend policy and implementation status

A. Dividend Policy

If the Company has surplus profit, shall first pay all taxes and dues and cover accumulated losses, and then set aside ten percent of such profits as a legal reserve (not applied if the legal reserve amounts to the paid-in capital). Afterwards, set aside or reverse special reserve in accordance with laws and regulations enacted by authorities. The remaining balance will combine with unappropriated retained earnings at beginning and serve as distributable earnings. No less than 5% of the distributable earnings shall be appropriated as shareholders' dividends and bonuses. Proposal for distribution of earnings shall be proposed by Board of Directors and submit to shareholders meeting for ratification.

In consideration that the development of the Company is in its stable growing phase, the Company adopts residual dividend policy to meet its long-term investment plan for sustainable business and continuous growth. Dividend distributed by cash shall be no less than 10% of the sum of cash dividends and stock dividends.

The Company distributes dividend based on profits at present year, company's business development, and capital plan. The Company has distributed 50% of the distributable earnings to shareholders and will remain consistent dividend policy in the future 3 years. Dividend distributed by cash or stock will depend on the Company's operations at present year.

B. Proposed Distribution of Dividend

The Board of Directors approved proposal for 2022 profit distribution on March 6, 2023. The proposed profit distribution is subject to ratification of Annual Shareholders Meeting on May 30, 2023, and the Chairman is authorized to carry out the matter regarding the ex-dividend record date.

Profit Appropriation Statement for 2022

Unit：NT$

Item	Amount
Net Income After Tax of 2022	**554,202,182**
Plus (Less):	
Remeasurements of the defined benefit obligation	1,821,000
Legal Reserve	(55,602,318)
Special Reserve	29,948,418
Unappropriated retained earnings of 2022	**530,369,282**
Plus (Less):	
Unappropriated retained earnings in prior years	563,981,065
Retained Earnings Available for Distribution	**1,094,350,347**
Distribution Items:	
Cash Dividends to Common Shareholders (Note)	(333,341,505)
Unappropriated retained earnings at the end of the year	**761,008,842**

Note: 1. Cash dividend: NT$5 per share, and the cash dividend is rounded down to the nearest NT dollars; the amount rounded off will be credited to other income of Wistron ITS.

2. Dividend is calculated by outstanding shares 66,668,301 shares deducting treasury stock of 484,000 shares.

C. If a material change in dividend policy is expected, provide an explanation: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders meeting:

Not applicable.

4.1.8 Compensation to Employees and to Directors

A. In accordance with Article 21 of the "Articles of Incorporation":

If the Company has profit (referred to the profit before tax, excluding the employees' profit sharing bonus and directors' remuneration) as a result of the yearly accounting closing, the profit shall be distributed in accordance with the following provisions provided. However, the Company's accumulated losses shall have been covered.

(1) No less than 10% of the profit from current year as employees' profit sharing bonus. The Company may distribute profit sharing bonus in the form of shares or in cash to employees, including the employees of subsidiaries of the Company meeting certain specific requirements which determined by the Board of Directors.

(2) No more than 2% of the profit from current year as directors' remuneration in cash.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

The employees' profit sharing bonus and directors' remuneration were expensed based on a certain percentage of profit in accordance with Article of Incorporation, and shares distributed from profit sharing bonus were calculated based on the closing price prior to the date of Board Meeting in which resolved the distribution. If there would be any differences between the estimate and actual distribution amounts, the differences would be treated as changes in accounting estimates and recognized as profit or loss in following year.

C. The linkage between directors' performance and compensation:

The Company evaluates compensation to Directors in accordance with the "Payment Principle for Compensation of Directors and Functional Committees". Remuneration paid to the Company's Directors (not including Independent Directors) shall consider functions of individual directors, participation and contribution to the Company's operation, as well as the overall standards among the industry. The remuneration amount shall be paid based on the Company's operation performance in accordance with the Articles of Incorporation. In addition, base compensation paid to the Independent Directors shall be based on his/her participation in functional Committee in accordance with the payment principle aforementioned, and the compensation will be paid whether the Company has profited or suffered loss. Reasonableness of performance and compensation will be reviewed by Compensation Committee and determined by the Board of Directors' resolution.

D. Information on approval by the Board of Directors of distribution of compensation:

(1) Resolved by the Company's 2nd Compensation Committee Meeting of 2023 and 2nd Board Meeting of 2023, the employees' profit sharing bonus and Directors' remuneration of 2022 distributed in accordance with Articles of Incorporation were as follows:

a. The employees' profit sharing bonus was NT$83,250,000 and the appropriation rate was 12%, of which NT$63,250,000 distributed in cash and NT$20,000,000 distributed by shares. The new shares counted on 3.61% of parent-company net profit of 2022, and will be issued 175,438 shares, which were calculated based on the closing price NT$114 prior to the date of 2nd Board Meeting of 2023. Par value per share is NT$10, and employees' profit sharing bonus of NT$68, which is less than one share, shall be distributed in cash.

b. The Directors' remuneration was NT$9,250,000 (distribution rate of 1.33%) distributed in cash.

(2)There is no discrepancy with expenses recognized in 2022 consolidated financial report.

E. The profit sharing bonus to employees and remuneration to directors in 2021

	2021	
	Board Resolution Amount (NT$)	Actual Distribution Amount (NT$)
Employees' Profit Sharing Bonus in Cash	37,120,000	37,120,076
Employees' Profit Sharing Bonus by Shares	20,000,000	19,999,924
Directors' Remuneration	11,100,000	11,100,000

There is no discrepancy between actual distribution and accounting recognition.

4.1.9 Treasury Shares:

A. Repurchases already completed:

April 30, 2023

Treasury shares batch order	2020-1st
Purpose of the repurchase	To transfer to employees
Period for the repurchase	2020.3.30~2020.5.29
Price range	NT$45 to NT$80 per share
Types and number of shares repurchased	Common share, 958,000 shares
Total amount of shares repurchased	NT$73,499,652
Ratio of the number of shares repurchased to the planned number of shares repurchased	63.9%
Number of shares that have been canceled and transferred	474,000 shares
Cumulative number of its own shares that the Company holds	484,000 shares
Ratio of the cumulative number of its own shares that the Company holds to the total number of the Company's issued shares.	0.72%

B. Repurchases still in progress: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Employee Stock Options: None.

4.6 Restricted Stock Awards to Key Employees: None.

4.7 Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

4.8 Implementation of the Company's Fund Raising and Utilization: None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main Areas of Business Operations

(1) I301010 Software Design Services
(2) I301030 Digital Information Supply Services
(3) I301020 Data Processing Services
(4) E605010 Computing Equipment Installation Construction
(5) F118010 Wholesale of Computer Software
(6) F218010 Retail Sale of Computer Software
(7) I199990 Other Consultancy
(8) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

B. Revenue Distribution

Unit：NT$ thousands

Year / Major Product	2022		2021	
	Amount	%	Amount	%
IT Services Revenue	7,948,886	100	6,177,820	100
Total	7,948,886	100	6,177,820	100

C. Current Main Products and Services

Over the past three decades, the Company has been focused on offering professional data processing and information technology services for our clients in various industries. The main services we offer are as follows:

(1) Software Development Services

The Company offers software development services for clients in various industries. Our insights for the respective industries allowed for the comprehensive understanding of IT technologies, covering different cloud platforms, server types, operation systems, middle-ware, and programming languages. Under a scientific research and development management procedure, we have been able to offer various software development services based on individual client needs. This includes the full-process service of product research, demand exploration, design, software development, testing and delivery, deployment, and repeated computation of products. Industries we serve include banking, insurance, securities, telecommunications, manufacturing, healthcare, IT technology, and Internet related industries

(2) Software Testing Services

During the process of offering professional development services to our clients in various industries, the Company has developed a professional software testing service to cater our clients' growing demand for enhanced product and service quality. This allows us to offer wide range of services to our clients such as testing consultation, setup of testing SOP, provision of testing tools and training, testing project appointments, testing case creation, language testing, performance testing, feature testing, stress testing, regression testing, automation testing, and knowledge base setup, to name a few.

(3) System Operation & Maintenance Services

The Company assists clients of various industries in dealing with the ever-complicating IT infrastructure challenges, as well as those of operating and maintaining of application systems. We utilize the latest technologies and industry experience, to set up operation and maintenance platforms with integrated process automation system for our clients. At the same time, we offer professional system operation/maintenance services, which include infrastructure (platforms, servers, storage, Internet facilities, and server room equipment), operation systems and middlewares (web servers, databases, etc.), and application systems. Together, these have been effective in improving the usability and security of our clients' systems.

(4) Business Procedure Outsourcing Services

We offer multilingual localization and varied business procedure outsourcing services to the Japanese, European, American, and Greater China markets. Industries we serve include IT, Internet, finance, and manufacturing. Through automation technology, optimized procedure, smart tools, and in-depth understanding of the industries provided by our professional staff, the Company has been able to speed up the delivery schedule. At the same time, using standardized project management procedure, methodological tools, structures and indicators, and verified industrial standards, the Company is able to guarantee the delivered quality, allowing us to assist clients in improving operational performance as well as core competitive strength.

(5) Product Globalization Services

The Company has been in the product globalization field for more than 20 years. Our clients include some of the top 500 international companies, and we offer services of the major languages in Asia, Europe, and America. We offer globalization in various industries including IT, automation, marketing, healthcare, entertainment, and Internet, etc. Our services include engineering, localization, DTP, TVT/FVT, and multi-media content, and we are ranked within the top 30 for localization services in Asia.

D. New Services in Development

With the development trend of the market and the demand from clients, the Company will continue or increase the investment in the following services:

(1) Data Processing Services

The Company can quickly process large amounts of data in any format, such as text, audio, video, and images, in response to clients' needs. Our services include human resources as well as environment and equipment preparation, process adaptation and optimization, data processing and progress management to improve yields and control quality. In recent years, data processing has become an important part of AI product development and a key to success. Big data is processed through classification, filtering, and tagging to become more meaningful and intelligent information, thus providing reliable and high-quality training data required for in-depth machine learning in the process of AI product development, thereby effectively improving the judgment and prediction abilities of products.

(2) Data Science Consulting Service

The Data Science Consulting Service is a new service offered by the Company. It covers Real World Data (RWD) analysis, Real World Evidence (RWE), and digital transformation related applications for digital health. The service team consists of data scientists, data engineers, and data visualization engineers. The data science team assists clients in processing and analyzing data. In addition, it helps clients identify objectives, interpret and analyze results, and make business recommendations, starting with business requirements. We expect the data science consulting service to create higher added value for our company in various fields.

(3) Digital Innovation

Information technology and services are the heart of Wistron ITS' competitiveness. The Company continues to engage in digital innovation, establishing operational support and digital systems capable of supporting 20 thousand employees, aiming to enable and sustain renewed business growth. We have already seen preliminary results from these systems, which allow us to more efficiently offer one-stop services for our clients and ensure quality service. Meanwhile, through our digital employee service platform, we have provided a friendlier work environment and smoother work processes, allowing employees to focus on producing results and reducing their burdens of administration-related tasks. Our digital innovation will continue to be rolled out to increase the efficiency of our operations through system optimization and development.

5.1.2 Industry Overview

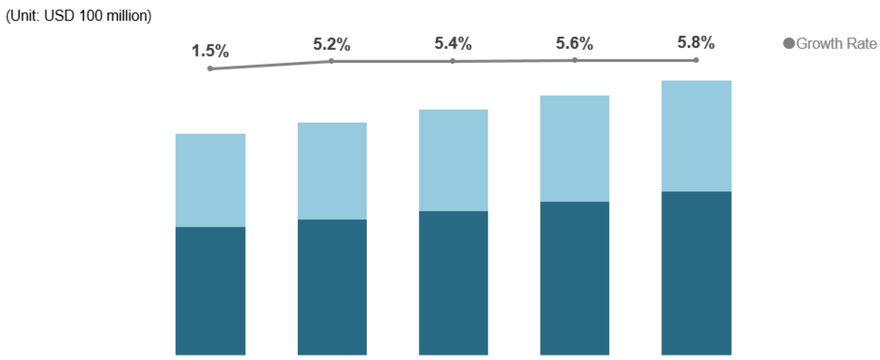
A. Progress and Development of the Industry

(1) Current Status:

The impact of the COVID-19 global pandemic in the last few years has brought about trends such as supply chain restructuring, the emergence of a contactless economy, and remote and work-from-home work, prompting a continuous digital transformation that has boosted demand for IT infrastructure and information services and redefined the business model of consumer behavior. According to MIC, the development of information industry technologies continues to focus on the enhancement and application of technologies such as AI (technology enhancement and product implementation), IoT (development of edge computing), 5G infrastructure (base station construction and business model exploration), and the combination of different technologies (e.g., cloud computing and big data) to develop more innovative application scenarios and business models, expanding into manufacturing (smart manufacturing), financial industry (smart finance), healthcare (smart medical), and retail (smart retail), and promoting the continuous growth of the global information service market scale.

In terms of the global information service market scale, despite all the turmoil in the global political and economic landscape, governments and enterprises in the major markets still require continuous business development. This, coupled with the trend of digital transformation in recent years, has promoted demand for IT infrastructure and information service, which has allowed the global information service market to continue growing steadily. In addition, the application development of new information communication technologies is beneficial for the continuous growth of the global information service market, in which cloud computing and big data will continue to play a key role. IoT applications and edge computing will become the next big areas of growth in the information service market.

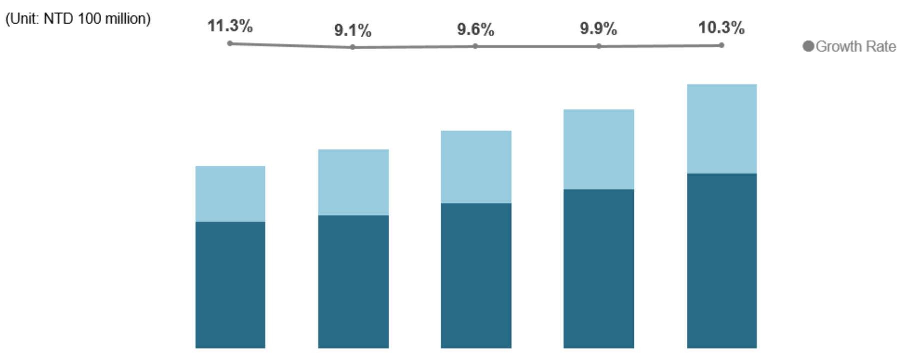
According to research by the ITIS Team of the Institute for Information Industry, MIC, Ministry of Economy predicts that the global information service market will grow from 996.3 billion US dollars in 2020 to 1.2671 trillion US dollars in 2024, Showing CAGR of 6.2%.



	2020	2021	2022(e)	2023(f)	2024(f)	CAGR
IT Software	7,184	7,494	7,826	8,184	8,568	4.5%
IT Services	**9,963**	**10,542**	**11,180**	**11,885**	**12,671**	**6.2%**
Total	17,147	18,036	19,006	20,069	21,239	5.5%

Image1 Global Information Service & Software Market
Source: Consolidated by the IT/IS Research Team of the III MIC, Ministry of Economy, August 2022.
(Graph made by Wistron ITS)

Taiwan's information service market is estimated to grow from 229.1 billion NTD in 2020 to 316.7 billion NTD in 2024, with CAGR of 8.4%. In particular, software design and data processing will continue to grow in market share of services in the information software services industry.



	2020	2021	2022(e)	2023(f)	2024(f)	CAGR
IT Software	1,001	1,191	1,313	1,450	1,606	12.5%
IT Services	**2,291**	**2,400**	**2,623**	**2,877**	**3,167**	**8.4%**
Total	3,292	3,591	3,936	4,328	4,773	9.7%

Image2 Taiwan's Information Service & Software Market
Source: Consolidated by the IT/IS Research Team of the III MIC, Ministry of Economy, August 2022.
(Graph made by Wistron ITS)

(2) Future Development:

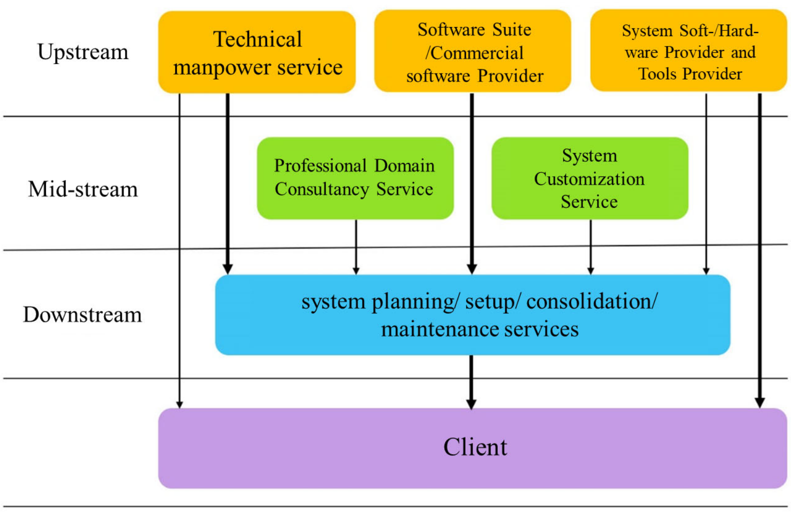
Under the long-term impact of the global pandemic, "coexisting with COVID-19" has become the attitude of companies facing the pandemic, and this "new normal" has become the main driver of companies' digital transformation, increasing investment in corporate software and cloud services. Driven by digital technology, the industry paradigm is shifting and bringing economic model innovation. In the future, it is predicted that the digital economy will use various innovative digital technologies, combined with comprehensive cross-field platforms and innovative service models, to redefine consumer behavior and business models and develop broader information technology service demands and business opportunities.

As we enter 2023, the global industrial economy faces headwinds, the geopolitical landscape becomes more complex, and new financial realities cause companies worldwide to be more cautious with their budgets. However, with global net zero sustainability goals rising, companies are using information technology to strengthen their operational resilience. Digital innovation and digital transformation have become indispensable for businesses in coping with uncertainty and sustainable development. Technologies including AI, Big Data, Cloud Services, 5G, Edge Computing, Quantum Computing, Virtual Reality/Augmented Reality, Metaverse/Immersive Technologies, Blockchain/Decentralization (Web 3.0) and Information Security and many more will be accelerated and integrated into the internal and external cycles of various industry scenarios. For example, FinTech/embedded finance, marketing technology, robotics and automation, green technology, retail and e-commerce transactions, digital media and entertainment, etc. will be used to accelerate the evolution and development of the industry.

Looking ahead, software is eating the world, and the demand for information services will continue to grow in new areas, applications, and services. With years of accumulated experience, the Company aims to utilize WITS 3.0 as the development blueprint. We are committed to "Achieving Client Success Through Excellence in Delivery" and "Hand in Hand with Technology Innovation and ESG", providing a variety of IT professionals for corporate clients. We engage in applications and services that keep pace with the times, allowing companies to focus more on their core business and mutual growth with clients, hoping to create a better future together.

B. Correlation of the Industry Supply Chain

The Company consolidated correlation of the supply chain for the Information Service Industry as following:



Source: Wistron ITS consolidating current industry conditions.

For the Information Service Industry,

(1) Upstream services in the industry include:

a. Technical Manpower Service

Such services offer general technical manpower outsourcing services to satisfy short-term development demands, such as programmers or testing projects. This service will be offered to downstream system builders, integrators, or directly to end customers. The supplier is usually responsible for the supply of technical manpower and personnel management, while the customer is responsible for the overall project planning and management.

b. Software Suite/ Commercial Software Provider

Software suite/commercial software providers are focused on specific fields and application demands. The software suite developed can be customized by the original supplier or other suppliers, and deployed at the clients' site, fulfilling the client's ultimate demand, or offer clients or consumers for deployment implementation or direct download and installation.

c. System Soft-/Hard-ware Provider and Tools Provider

These providers offer relevant software and hardware basic products or (suite) tools, that form the basic environment for establishing a corporate business information platform. This service usually is coupled with training, education, and warranty services.

(2) Mid-stream services in the industry include:

a. Professional Domain Consultancy Service

This type of provider focuses on the accumulation of professional knowledge, offers system setup planning or business development consultancy services, and is usually not involved in the development of the actual system.

b. System Customization Service

This type of provider will lockin on specific software suites/commercial software, or the distributor or collaborating partner of said software suite/ commercial software, and will be in charge of the customization of the software when introducing the suite to the client.

(3) Downstream services in the industry include:

Downstream service providers mainly focus on system integration, with services covering system planning, construction, integration, education, training, and maintenance. These suppliers will integrate the products and services of upstream and midstream vendors for clients and provide after-sales system maintenance services. Clients do not need to face interface problems between different suppliers and systems on their own.

Wistron ITS has long positioned ourselves as a provider of professional information technology services to clients, differentiating ourselves from other software vendors who mainly focus on their brands (software suites or commercial software), reducing conflicts of interest with service providers at all levels of the upstream, midstream and downstream, and creating room for cooperation with service providers at all levels of the supply chain ecosystem.

C. Product Trends and Competition

(1) Various Developing Trends of Products

Despite the uncertainty in the macroeconomic outlook, Forrester Research predicts that software growth in 2023 will exceed pre-pandemic levels. In this new era of cost constraints, corporate clients are strengthening their operational resilience and creating a competitive advantage through outsourced information technology services as well as in four key areas:

a. Demand Management

As the business environment changes, the need for software developers and specific technical skills will change significantly. As IT initiatives expand and shrink, outsourcing can help organizations manage changing needs and provide timely adaptability and flexibility.

b. Skill Procurement

To keep pace with digital transformations, businesses are augmenting their internal shortage and nurturing hard-to-find technical resources through the outsourcing of unique skills or even being able to bring in much-needed expertise at a lower cost than the domestic market through information technology service providers with a global presence.

c. Investment

Despite corporate spending cuts, application development (often the largest IT project) will continue to account for a larger share of technology budgets as digital innovation, operational resilience, and sustainable transformation remain a priority for businesses. Many companies are further strengthening their internal teams through outsourcing or selective investment.

d. Reducing Cost

Application developers, especially those with advanced skills, can be very expensive. As IT executives seek to reduce costs, jobs are being outsourced to engineers in lower-cost regions, making remote or out-of-state delivery more reasonable and competitive.

With the changes in the industry, as well as market expectations, the following is a further explanation of the trends and strategies for the development of software development-related services and business process outsourcing services:

a. Trends in the Development of Services Related to Information Service Software Development:

As IT technologies and applications evolve, the shortage of experienced technical manpower continues to increase. As business is internationalized, information service providers must be more sensitive and flexible in responding to market needs, in aspects such as geographically, by industry, and by the types of clients they serve, to enhance their market insight and capabilities. With a scale of nearly 10,000 people, Wistron ITS has developed a “global footprint” and a “global delivery” strategy over the years, and has been able to effectively assist clients in leveraging our human resources in different regions, exploiting the technical advantages of different regions, and helping clients to effectively divide and manage their workload, helping them to improve the efficiency of software development. In the future, Wistron ITS will strive to be ahead of the curve and invest more in developing and nurturing international technical expertise, enriching the depth of the technical team, and furthering the strategy of “one location for orders, global delivery” to provide clients with more value-added services.

b. Business Procedure Outsourcing Services:

Efficient operational analysis and information systems depend on high-quality data (Data is Oil), especially in the midst of AI. Big data processing has become an important part of technology applications. Client-commissioned work often involves handling large amounts of information and data, making it easy to establish consistent execution standards and specifications. However, the workload is huge, and the work cycle is short, so subcontracting and crowd-sourcing have become the trend and options for delivery under the premise of information security.

The Company has assisted major international clients in handling various data for many years. We can flexibly deploy and manage a large number of resources according to client’s needs, quickly adapt operational processes and adjust automated tools, and based on the ability to develop validation criteria and performance indicators, each link in the business process can be linked more efficiently to ensure the quality of operations and the security of client information. Wistron ITS is based on the strength of information technology. We work with clients to develop automated data processing platforms and tools through machine learning, thereby significantly reducing manpower, providing data quality, and improving work efficiency.

In the future, business processing outsourcing services will continue to support corporate clients and be the key to conserving their business or driving business growth and competitive advantage.

(2) Current Competition

Currently, countries that offer offshore information outsourcing services in the world include India, Vietnam, Russia, China, Philippines, Israel, and coastal countries of Latin-Americas such as Brazil, Argentina, and Mexico. In Europe, most of the outsourcing is borne by Ireland. In recent years, the development of information service industries in Ukraine, Poland, Romania, and Belarus allowed Central and Eastern European vendors to join the business of information outsourcing services. India, the industry leader, and China are the most visible in the overall market. The following is a summary of the competitive situation in China and India:

a. China

China regards the information software industry as a national strategic industry and has been developing rapidly in recent years. According to the “Ten-Year Development Report on China’s Service Outsourcing Industry” released by CCIIP in 2017, the past decade was the start-up period of China’s service outsourcing industry. The number of service outsourcing companies in China has grown rapidly in recent years. By the end of 2020, the number of service outsourcing businesses in China had reached 60,574, an increase of 76.7% over 2015, with an average annual growth rate of 12.1%, including 6,026 new companies of 407 over 2019, with an increase of 7.24%. Despite the impact of multiple unfavorable factors, such as the global COVID-19 pandemic, the world economic recession, and the complicated international economic and trade environment, Chinese companies continue to expand their service outsourcing business.

Service outsourcing execution in 2020 reached 175.35 billion US dollars, an increase of 17.27 billion US dollars from 2019 and a year-on-year growth of 10.92%, of which offshore execution of 105.77 billion US dollars exceeded 100 billion US dollars for the first time, a year-on-year growth of 9.2%. China Outsourcing Institute predicts that by 2025, the proportion of information technology service outsourcing and knowledge process outsourcing will be further increased, and China's service outsourcing will accelerate its transformation and upgrade and improve quality as well as stability; the accelerated development of digital technologies such as blockchain, big data, cloud computing, and AI will promote the widespread application of new modes of service outsourcing such as crowd sourcing and crowd creation, and promote the extension of diverse and flexible employment and entrepreneurship. The next ten years will become the golden age of China's service outsourcing industry. They expect to become the leader in both the domestic and international markets, transforming the country into the global service outsourcing hub.

With a revenue share of over 60% based in China, IDC ranked the Company as one of the top 10 information service companies in China in 2020. In the future, the Company will continue to leverage the strengths of our Asia Pacific operations, optimize our work-flow, build a professional image, expand our market share in China, and strive to become a leading global information technology services provider.

b. India

India's main target markets are the United States and some European countries, and nearly 55% of the global information outsourcing market goes to India. India is the global offshore information outsourcing hub, mainly for information software development, and holds a key leadership position in the global outsourcing market. In addition, as a predominantly English-educated country, this allowed India's software service products to be widely accepted globally. The high quality and low service cost also offer further advantages for India's software industry competitiveness. India's booming software industry is expanding its services to other industries, especially the traditional industry, which is facing competitive pressure and increasing demand for computer hardware equipment and software services. Aside from software R&D services and business process outsourcing services, India has also started to take on fiscal report analysis, client management, and other business management process for global businesses. In addition, with the need to increase operational efficiency and cost-down, Knowledge Procedure Outsourcing (KPO) is a new trend worthy of further exploring.

While developing the Company's business in Europe and America, Indian companies have become inevitable competitors. However, because of the high job selection, high turnover, and low talent development, international clients are turning to multi-regional sourcing partners to diversify their risks. Wistron ITS has successfully become an outsourced information supplier to many clients in Europe and the United States through our "Gateway to Asia" strategy. We will continue to expand into the global market by leveraging our regional advantages.

5.1.3 Research and Development

A. Technical Level of Current Business and R&D

The Company is positioned to provide clients with information technology services and aims to provide “client-oriented” services. After years of accumulated experience in the industry, we have technical capabilities of an economic scale in the world. The Company’s development blueprint for the next 5 years, WITS 3.0, which reveals the Company’s technology development and innovation path, drives the Capacity to Capability (C2C) strategy, and adds value to talent and service value for clients. The following is a description of the company’s technological development pathway:

(1) Deep Cultivation of Promising Development Areas

Wistron ITS has a long history of serving Fortune 500, domestic, and international quality businesses, and the Wistron ITS team has accumulated deep innovative R&D capabilities. These forward-looking clients significantly influence the trend of information technology development, and the technologies they adopt become the mainstream technologies on the market. By combining the experience of working with our clients, we will brainstorm and study technology trends together and propose incentive programs to encourage project teams to propose innovative solutions and explore various possibilities. We also encourage our colleagues to think creatively, accumulate industry knowledge, improve service efficiency, resolve client pain points, and enhance service value and client experience.

(2) Mastering Mainstream Technology and Enhancing Service Value

Wistron ITS facilitates technologies such as AI, big data, blockchain, cloud, IoT, and 5G. Clients’ needs are the mainstay of Wistron ITS’s technological concerns, the following are examples of the technologies:

Territory	Technologies and Results
IT and High -Tech/ Internet	• AI, Big data processing and analysis, and Cloud application. • Automated testing techniques assist in the quality testing and verification of products targeting quantum computing. • Immersive technology-based applications through user experience and interface design (UI/UX).
FinTech	• Software quality (Automation) testing and Microservice technology. • Cryptocurrency and Blockchain related development services.
New energy and Smart Car	• For each core module of smart car, such as smart cockpit, Autopilot, IoV, and Over-The-Air technologies
Healthcare	• Data science consulting services to explore real-world medical evidence (RWE) and data (RWD) • Medical image interpretation algorithm research and development • Medical image automated tagged based on AI. • Automated deployment through machine learning process.
Telecommunication	• Testing of 4G and 5G

Wistron ITS will plan and prepare for a wide range of emerging technologies in advance.

(3) Keeping up with the Times & Talent Value-added Strategy

The market is changing very fast due to new technologies. In addition to grasping clients' needs, Wistron ITS also keeps up with the times, closely observes industry technology development trends, inspects the mainstream technology and technical talent market from a macro perspective, and accordingly, we promote talent value-added strategies and are focused on specific projects, such as the Software Mini-Weekend, Technical Forums, and Talking With The Experts, in order to enhance the technical capability and conversion ability of our talent, so that Wistron ITS can provide more than quantitative services, but also further enhance professional quality and service value and improve corporate resilience and maintain competitiveness.

B. R&D Innovation of Innovation Center Levels

"Delivery Excellence Client Success" is one of the core values of Wistron ITS and is a subject of continuous refinement and optimization for the Company. In the process of providing information services, the Company is committed to improving our staff's efficiency and self-management ability through digital innovation and transformation to increase the value contribution to our clients. The specific actions are described as follows:

Territory	Technologies and Results
Digital transformation	ESS (Employee Service Support) Platform Implementation

Based on the rapid development of Wistron ITS' business, the traditional functional management model could no longer cope with the business growth. In order to meet business expansion needs, Wistron ITS started to build the ESS (Employee Service Support) platform in 2020. We implemented a platform-based service model and organizational and process changes, using employee service as a pilot. By 2022, the Company has started gradually promoting the support systems for employee changes (transfer), new employee must know, on boarding counseling, leave attendance, expense reimbursement, business enterprise communication, recruitment, employee services platform, HR platform, etc. In line with the overall enterprise IT digital transformation, we will start to promote the implementation and application of the ESS Platform.

In 2022, through the integration of the employee service aspects, each function module will be connected horizontally to establish a unified and complete loop of employee services. Through technology-driven process improvements, self-service and automatic services are integrated. At present, Wistron ITS's Employee Service Platform is still expanding and deepening, integrating more functional modules and creating value for the Company's operation through platformization, intelligence, and digitization.

In addition to creating an ESS to help employees handle daily administrative routines, knowledge management, functional learning, and other needs, Wistron ITS has also developed a "Client Reconciliation System" to facilitate account reconciliation/ closing operations with clients, which not only improves efficiency but also reduces the use of paper documents and realizes the universal value of ESG. In addition, through the accumulation and utilization of digital assets, the Company's important information is collected and analyzed through big data technology and then presented through the

Management Dashboard, which not only optimizes Wistron ITS' management performance but also shares market information and development trends with clients, deepening the partnership between both parties for mutual prosperity.

With the advent of the digital economy, Wistron ITS will transform into a platform-based, physical, digital service center in 2022 under the strategic direction of digital transformation to support a wide range of business characteristics and diversified service needs across regions.

C. Annual R&D Investment in Recent Years:

Unit：NT$ thousands

Year / Item	2022	2021
R&D Expenses	40,234	19,731

D. Successfully Developed Technology/Product in Recent Years:

(1) FinTech

Following through the big data strategy, Wistron ITS continues to work in the fields of digitalization and big data storage, assisting our clients in digital behavioral analysis, optimizing digital procedures, developing digital channels, and offering personalized financial services, thus realizing the idea of data driving decision makings. As the pandemic ravaged the world since 2019, it has not been easy to operate physical channels. Financial institutions need to develop applications that are stable, easy to integrate, and easy to use, boosting the open banking policy and digital finance promotion. Wistron ITS, utilizing our professional FinTech know-how, assists clients in developing systems that focus on using big data, Open API, and corporate middle-platform set up and microservice structures. The Company seeks to break through current myths, and thinks outside financial institutions' current structure. This allows us to rapidly conduct innovative application development and adjust in accordance with data received through market feedback. This ensures that the offerings, including the functions and services, fully satisfy clients' needs, thus enhancing their power of digital services and building a financial service ecosystem completely integrated into daily life.

(2) Medical Imaging Software Technology Services

The Company has accumulated years of experience in the medical field, working closely with our clients to expand the application of AI technology to the medical imaging field based on client demands. We help our clients to build deep learning models (DNN) and algorithms to detect and cut images of organs (e.g., liver, pancreas, lung lesions, Alzheimer's disease, and brain lesions of rare diseases in newborns) to improve the efficiency and accuracy of organ lesion interpretation significantly.

In addition to algorithm learning and AI software application development, the Company also assists clients in developing cloud-based medical image reading platforms, which provide a fast and stable online medical image reading platform to view changes in lesions and facilitate users to download patients' medical images instantly (within seconds). We will continue assisting our clients in entering a new era of medical integration technology.

5.1.4 Long-term and Short-term Business Development Plans

A. Short-Term Development Plan

(1) Work with Existing Clients to Expand Collaboration and Enhance Service Value

The main service areas are the fields of IT high tech, financial, manufacturing, new energy and smart car, and medical industries. By evolving with our clients, the Company has entered mainstream technologies such as AI, big data, cloud computing, FinTech, IoT, and 5G. At the same time, based on client needs, we will continue to offer our clients even better service and continue our partnership, where the majority of the resources will be utilized to work with existing clients and continue to expand the fields of collaboration.

(2) Strengthen the Deployment of Manpower to Support Rapid Growth of Business

In response to the diversified and changing technical needs of the market, providing efficient and accurate deployment of manpower is the core advantage of information service providers. In line with the rapid growth of our business, we continue to expand talent sources, including cooperation with training institutions, opening new trainee classes, and enhancing employees' industry knowledge and team service professionalism through cultivating key talents and promoting internal lecturers. In addition, we also rapidly assemble technical support teams based on customer needs, dynamically dispatch personnel to perform tasks to ensure successful project delivery.

(3) Implementing Talent Development & Delivering Excellence

Following the changes and developments in the global market and mainstream technology, we transform market needs and insights into motivation for talent growth and promoting the "Delivery Excellence Program," including promoting WITS College to integrate learning resources, technical exchange activities, and establishing WITS Labs for developer communities. Not only do we create a rich technical learning ecosystem, but we also help employees create self-worth by linking their learning paths to clients' success goals, providing more career development opportunities, and driving overall delivery quality improvement within the team. We also foster cohesiveness and jointly pursue the core value of "Delivery Excellence Client Success."

(4) Stabilize Operational Resilience in the Asia Pacific Market & Accelerate Expansion in the U.S. Market

The Company provides professional services to the four major markets of Taiwan, China, Japan, and the United States. In each region, we not only satisfy the domestic market, provide global delivery services such as offshore and cross-border services, but also formulate corresponding development strategies in response to local market development trends:

a. Taiwan

We will continue to maintain our leading position in the information outsourcing services sector and push ourselves to strive for excellence and achieve what our competitors cannot. We will strengthen partnerships with our clients in major industries of IT high tech, financial, and manufacturing, offering various services and evaluating the feasibility of entering the Southeastern Asia market with our clients with a base in Hong Kong as the first step.

b. China

We will continue working with large-scale clients in the IT high tech, financial, and manufacturing sectors. We aim to establish partnerships with clients that have a large demand for information outsourcing services, where we will assist our clients in strategic planning and grow together as a team. In response to global warming, the energy crisis, and zero-emission policies, the new energy industry is on the rise. The Company has more than 10 major clients in the new energy and smart car sector. We will continue to expand in this and relevant sectors to gain opportunities for further growth.

c. Japan

Apart from continuing to develop our Japanese team, we will also build an Asia-Pacific talent supply chain based on our Taiwanese and Chinese talent to work with our clients and develop partnerships with Japanese multinational companies (MNCs) in the Japanese market, offering cross-border delivery services.

d. America

Aside from developing and maintaining relationships with our clients in the USA, we also plan to use our advantage of being located in the Asia-Pacific region to work with US clients who want to expand their business into Asia. By branding ourselves as the “Gateway to Asia”, we will provide our clients with distributed and hybrid delivery services they need for domestic, offshore, and cross-regional operations.

B. Long-Term Development Plan

Despite the fact that 2022 was one of the most turbulent years for the world in the last decade, Wistron ITS has been able to weather the storm and perform well in both revenue and profitability. Looking ahead, Wistron ITS will implement international management models, including the Balanced Scorecard, Key Target Achievement, and Flywheel Theory, to establish a common organizational philosophy, build team consensus, and implement the operational development blueprint laid out in WITS 3.0, to realize “Capacity to Capability (C2C)”, “Delivery Excellence Client Success”, and “Digital Innovation and ESG Hand in Hand” to build operational resilience and achieve sustainable development goals and increase overall value.

Under the blueprint of WITS 3.0, the Company will expand its global layout to support the development of two major market segments, the United States and Japan. We aim to reserve and train high-end talents related to mainstream international products and technologies. And to use the Innovation Center as a base for innovation in the field of high technology, to attract outstanding talents to move in, and to initiate a value-added talent program, to build a talent ladder. Also, we will expand new business service models, establish deeper business relationships with partners, and improve the quality of services revenue to create greater momentum for growth. Wistron ITS will continue to strive to become a “Leading Global IT Services Provider.”

5.2 Market, Production and Sales

5.2.1 Market Analysis

A. Sales (Service) Region

Unit：NT$ thousands

Regions \ Year	2022		2021	
	Amount	%	Amount	%
China	5,321,838	66.95%	3,869,916	62.64%
Taiwan	1,355,580	17.05%	1,015,575	16.44%
Japan	701,408	8.83%	710,446	11.50%
US & Others	570,060	7.17%	581,883	9.42%
Total	7,948,886	100.00%	6,177,820	100.00%

B. Market Share

In terms of information service industry, currently there is no single provider with a large market share. The Company has a lot of room to grow in the information technology services industry.

C. Projected Supply & Demand of the Market and Potential Growth

New technologies are driving the industry's demand for IT services, and businesses now regard IT as a key capability. As more and more competitions appear due to globalization, more and more companies will invest in information systems. Various market survey reports verified this trend. However, there is still a lot of uncertainty in the global political and economic situation. With the post-pandemic effect, inflation, recession, and labor shortages, most industries are expected to remain conservative and maintain a wait-and-see attitude in early 2023. Long-term demand is still cautiously optimistic.

Wistron ITS' services cover the IT high tech, financial, manufacturing, new energy, and medical industries. The future demand and growth are described below:

(1) IT High Tech

The demand for IT high tech is divided into two major categories: "sales product development" and "testing and maintenance," and SaaS service platforms to support internal operations. High Tech companies have launched a wide range of sales products, including high-end technology applications such as cloud computing, edge computing, IoT, AI, BI, 5G, blockchain, immersive technology, green technology, FinTech, and marketing technology. With the prevalence of smart car in recent years, many technologies have been implemented in future vehicles. With geopolitics, supply chain restructuring, and economic recession, major high-tech players are also affected by the recession. They are becoming more conservative about their new businesses, even cutting budgets and shifting to investments in new start-ups with unique technologies or connections to industry scenarios and ecosystems. In addition, after years of investment and injection, enterprises' expectations for the speed and effectiveness of digital transformation have slightly cooled down, and investment has gradually slowed down. The cooling of globalization and the reshuffling of the market order are bound to bring new challenges and emerging opportunities. According to market forecasts, outsourcing will be a good strategy for high-tech companies to return to the dominant position after this wave of stocktaking.

(2) FinTech

Financial institutions have evolved from traditional physical locations and counter services to a remote, zero-time-lag transaction model. Thanks to the Internet, cloud computing, and the popularity of smart mobile devices, users can enjoy more convenient financial services in real-time, greatly enhancing transaction efficiency and reducing operating costs. The development of FinTech applications is changing rapidly, reflecting the trend that banks are no longer there while finance will always be there. Wistron ITS has rich experience in financial information system development. We have formed IT outsourcing strategic partnerships with our clients to keep pace with the times and create win-wins in FinTech services. Recent major financial client applications are as follows:

a. The Insurance Sector

In recent years, we have accelerated the application and enhancement of systems to assist the insurance industry with 24-hour online insurance. We have also strengthened the application of front-end systems for policyholder services. In response to the optimization of business processes such as underwriting and claims, we assist in the conversion of core insurance systems and invest in professional consultants and project developers to update the system's technical framework so that the new system can expand flexibly and open the interface. In our cooperation with insurance brokers and agents, we offer long-term maintenance and operations services for telemarketing, insurance proposal, and other core systems. We also work with administrations to comply with IFRS 17 and carry out core system data preparation in advance.

b. The Banking Sector

Wistron ITS has helped many digital banks develop and maintain digital technology applications that make financial services more accessible to consumers. Wistron ITS developed applications from consumer profiles, optimized the wealth management systems, and designed modules such as customer behavior analysis and prediction models and cross-industry alliance data exchange interfaces. Our teams employ the Agile development model to help clients construct cloud containers, open API, open-source beta testing, and other technical structure.

The financial industry is an industry that highly utilizes information technology, and the business model has changed with the use of digitization, big data, and AI, making information security even more important under the FinTech wave. According to the WEF-2020 Global Risk Report, information security risk will be one of the most important global concerns in the next 10 years. As a leading provider of outsourced information services, Wistron ITS continues to strengthen information security management by providing financial professionals with SQA software quality control testing and development models that comply with ISO 27001 SSDLC (Safe Software Development Lifecycle) to assist in the sound operation of financial systems and to comply with the financial information security management policies of the FSC.

(3) Smart Manufacturing

With information technologies, smart manufacturing factories can fully monitor production and marketing processes, increase production process controls, reduce human intervention in the production line, instantly collect manufacturing and production data, and arrange reasonable production plans and schedules accordingly. Wistron ITS has worked with clients in the manufacturing industry and helped them with the process re-engineering for Industry 4.0. By integrating new information technologies with IoT, big data, cloud computing, and artificial intelligence, we help our clients improve productivity, reduce their equipment failure rate, enhance process yields, and minimize human error, allowing our clients to enter the market with their products and services faster and more precisely. Wistron ITS has broad experience servicing the manufacturing industry and has helped clients digitize their production line over the years. Today, in response to the major trend of the ever-changing market and customized production, Wistron ITS helps its clients in the manufacturing industry undergo proactive transformations, utilizing information technologies to increase production efficiency, reduce product production cycle, and quickly adapt to market changes.

(4) 5G technology and its Applications

The dawn of the 5G era has brought drastic changes to many industries. Its high speed, large capacity, low latency, and multi-connectivity are all advantages that create a massive space for imagination in terms of technology applications. Wistron ITS not only takes part in 5G infrastructure construction in Taiwan, China, and Japan, but also in the development of application systems for clients in telecommunications, manufacturing, and other industries. At the same time, we are transforming from the site to the cloud, covering network, information security, and system integration. In addition, Wistron ITS strives to cultivate a new generation of talent with an expertise in communications, integrate software service talent to provide our clients of multiple industries with more innovation and industry development plans, and embrace a modernized society of 5G technology.

(5) Intelligent Connected Vehicle

The century-old automobile industry is undergoing reorganization by intelligence. The wave of smartification will continue to reshuffle automobile products, vehicle market patterns, and the automobile industry chain. The popularity of smart car will accelerate the intelligent upgrade of auto products, drive the popularity of smart driving, and accelerate the innovation and iteration of smart cockpit and intelligent vehicle connectivity. The industry pattern of the auto industry will be reconstructed so that automobile businesses with full-stack self-research capability can lead the industry change and enhance brand power; local supply chain companies that are deeply connected to the leading automobile businesses will continue to benefit from the wave of AI and the rise of local technology automotive businesses.

Wistron ITS adheres to Wistron Group’s technological resources advantage from consumer electronics to automotive electronics. In the past five years, Wistron ITS has gradually expanded its services to many well-known smart car brands and supporting service companies. We have rapidly established business development models in various sub-disciplines such as autopilot, smart cockpit, and IoV, providing new momentum for software-defined vehicles.

D. Competitive Advantages

(1) Global Presence, Global Delivery & Multiple Resource Channels:

Wistron ITS is a leading company in offering information services globally. We are one of the few in Taiwan that started setting up overseas subsidiaries early for the international market. Wistron ITS in not only capable of meeting domestic market demands, but also has the ability for global delivery for multinational enterprises. Clients can communicate with us remotely on the Internet, and still receive real-time update of their projects. For example, a project in Japan and US can be delivered locally as well as delivered in Taiwan and China.

Wistron ITS' global footprint not only brings us closer to our customers in key markets, expanding our market coverage, but also lays the groundwork for developing and expanding neighboring markets.

(2) Experience with Major Global Companies and Solid Foundation with Clients:

With clients such as Fortune 500 and clients with good track records, domestic and international, Wistron ITS possesses abundant practical experience. To comply with the high standard requirements from those top-tier global companies, we continue to improve ourselves by optimizing software development and project procedures, and continue to provide our clients with excellent support.

(3) International & Multicultural Organizations and Cultures:

The Company operates in Taiwan, China, Japan, and the United States, serving over 150 cities worldwide. Cross-unit and cross-regional collaboration and communication are based on understanding and tolerance of each other's different cultures, which facilitates teamwork for maximum effectiveness. Because of this, the Company is committed to creating a culturally compatible working environment. We frequently organize cross-unit and cross-regional experience exchanges and collaboration to promote the cohesiveness of multinational teams.

In addition, our employees come from different countries, which not only enhances the ability to communicate with clients in different languages but also builds a tacit understanding of cooperation, expands the global vision of the team, extends the team's international reach, and combines international technical expertise to enhance the team's technological advantages and ability to receive orders internationally.

(4) Corporate Sustainability & Digital Transformation:

With the rise of ESG initiatives and their promotion, companies' motivation for digital innovation has increased. This also raises the requirements and thresholds for suppliers from international clients. As the leading provider of information outsourcing services in Taiwan, Wistron ITS has been committed to developing IT infrastructure to support the growing needs of businesses in the next decade. At the same time, Wistron ITS has established ESG Committee to provide competitive returns to investors while meeting the needs of sustainability and creating more business opportunities for the Company itself.

(5) Brand Image & Reputation

In 2022, Wistron ITS's China subsidiaries received many awards and honors with excellent global delivery capabilities, including "Top 100 Digital Service and Leading Service Providers" and "Top 10 Leading Enterprises in Service Outsourcing and Employment Expansion." In addition, in 2020 we received awards of "Top 10 Leading

Digital Service Provider,” “Key Services Trade Providers,” “Digital Trade Development Forum Partner,” and “Outstanding People” from IDC and other organizations, as well as the “ESG Practice Model Award” and “Outstanding Digital Service Provider 2022,” and “Favorite Talent Employer Award” from BOSS Zhipin.

In 2022, Wistron ITS also received the new ISO22301 Business Continuity Management certification and RBA re-certification and successfully registered 2 software invention patents, 18 software copyrights, and AAA corporate credit certificate.

In 2022, Wistron ITS passed the “Registration of Artificial Intelligence Service Organization” from the Industrial Development Bureau, Ministry of Economic Affairs to continue to expand our scale, accelerate the introduction of artificial intelligence applications, and enhance industrial value.

In addition, Wistron ITS’s subsidiary, WITS Taiwan, Inc, obtained ISO27001 certification for its information security management system immediately after establishment in 2022.

E. Advantages & Disadvantages for Long-term Development, and Corresponding Solutions:

(1) Advantages:

a. Information Technology as A Competitive Tool for Business Survival

According to statistics by research institutes, the information technology service industry will continue to grow in the foreseeable future. As the largest information technology service company in Taiwan and a top 10 leading digital service provider in China, Wistron ITS has the professionalism and competitiveness of an international standing.

b. Globalization has Cooled, Pushing up Local Markets in Strong Countries such as China and the U.S.

Based on our long-standing and rich client base, Wistron ITS can meet clients’ requirements flexibly and provide them with professional advice and sophisticated customized services.

c. Sustainability & Supply Chain Development

With the global focus on net-zero sustainability, investors are paying more attention to ESG performance and international clients are demanding higher-quality suppliers. Wistron ITS established a ESG Committee in 2022 to strengthen the supervision and management of sustainable operation and promote performance and achievements in corporate sustainability.

(2) Disadvantages:

a. Not as Well-known as International Name Brand Companies in Japan and US

Wistron ITS’s clients include many internationally renowned companies. We have yet to develop economic scale in Japan and the United States, and our experience, credibility, and reputation still require improvement. We will continue to increase our support in the Japanese and US markets, utilizing our advantage in the Asia-Pacific region to offer our clients information services for cross-regional operations, thus accumulating success stories to facilitate market expansions.

b. Evolution of Information Outsourcing Motivation & Multi-Partner Sourcing Competition

With more than 30 years of experience in the industry, Wistron ITS is committed to providing professional technical services and focuses on improving the overall employment environment, quality, and resources for our talents. With the growing global demand for software, all industries need the support of information and technical personnel. The shortage of talent is a common problem faced by companies, and it is also a challenge for Wistron ITS. With our industry-leading information services experience, we can provide the best and most suitable technical team and high value-added industry best practices to meet the needs of our clients in different fields around the world.

With nearly 10,000 employees under management, Wistron ITS flexibly utilizes our talents and resources in various locations worldwide to improve service flexibility through a global delivery model. The Company continues to enhance employee experience and information system re-engineering through corporate culture building and employer branding to renovate the talents impression of our brand. We hope that through our corporate spirit of sustainability and innovation, we can provide each employee with a clearer insight into the strengths of our teams and realize our vision of recruiting and retaining talent. In every contact with talents, we advocate for “people-oriented” approaches and hope to “keep the good seedlings in WITS,” etc. Through the implementation of diversified talent training programs, WITS 3.0 will practice the cultivation of the talent succession ladder in the next five years and work with clients to provide a good working environment together.

5.2.2 Core Applications of Major Products and Manufacturing Processes

A. Important Purpose of Main Product/Service:

The main services of the Company include software development service, system operation and maintenance service, business procedure outsourcing service and product globalization service. Their respective purpose is listed as follows:

PRODUCT	PURPOSE
Software Development Services	Based on the foundation and connotation of the mainstream software development cycle (SDLC) and management process, we offer various software development services based on individual client needs, which include individual or full-process professional services such as product research, development by demand, design, development, testing and delivery, deployment of software, and repeated computation of products.
Software Testing Services	We offer various professional testing services to clients that include testing consultation, testing SOP setup, testing equipment procurement and training, outsource testing projects, function and system testing, performance testing, automation testing, and knowledge base setup, etc.
System Operation and Maintenance Services	For our clients, we set up standardized system operation and maintenance platforms. as well as offer professional operation/maintenance services, which include infrastructure (servers, storage, Internet facilities, and server room equipment), cloud platform system maintenance, operation systems, and middle-wares (web servers, databases, etc.), and application systems.
Business Procedure Outsourcing Services	The Company offers various business procedure outsourcing services through automated technology, optimized procedures, smart tools, and in-depth understanding of the industries provided by our professional staff.
Product Globalization Services	We provide global engineering services for our clients, such as translation in over 100 major languages, typesetting, testing, and multimedia.

B. Production Process of Product:

The Company provides professional IT services, and has no product produced, therefore this category is not applicable.

5.2.3 Future Market Supply and Demand and Future Growth

The Company is in the IT service industry, and has no physical product to trade, therefore this category is not applicable.

5.2.4 Major Suppliers and Clients List

A. List of suppliers accounting for 10% or more of the Company's total procurement amount in either of the most recent two years:

Unit：NT$ thousands; %

Item	2021				2022				As of Mar. 31, 2023 (Note 1)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Company A	46,415	9.42	-	Company A	68,741	13.88	-	-	-	-	-
2	Company B	43,773	8.88	-	Company B	51,036	10.31	-	-	-	-	-
	Others	402,563	81.70	-	Others	375,346	75.81	-	-	-	-	-
	Total	492,751	100.00	-	Total	495,123	100.00	-	-	-	-	-

Note 1: As of the publication date of the annual report, the financial information as of March 31, 2023 has not yet reviewed by independent auditors.
Note 2: Increase and decrease of the amount was due to business demand.

B. List of clients accounting for 10% or more of the Company's total sales amount in either of the most recent two years:

There is no client accounting for 10% or more of the Company's total sales amount in the most recent two years.

C. Production volume of the most recent two years:

The Company in the IT service industry, and is not involved in actual production, therefore this category is not applicable.

D. Sales amount of the most recent two years:

Unit：NT$ thousands

Year / Major Product	2021				2021			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
IT Services Revenue	(Note)	1,015,575	(Note)	5.162,245	(Note)	1,355,580	(Note)	6,593,306
Total		1,015,575		5.162,245		1,355,580		6,593,306

Note: The Company is in the IT service industry, and has no physical sales quantity.

5.3 Employee Data during the Most Recent Two Years

Unit: Head

Year		2021	2022	As of Mar. 31, 2023
Employee Number	Sales	17	23	25
	Technical Staff	886	1,057	1,040
	Administration	102	128	125
	Total	1,005	1,208	1,190
Average Age		36.1	35.3	35.4
Average Seniority		2.9	2.75	2.89
Distribution of Education	Master / Doctor	23.58%	23.76%	23.78%
	Bachelor / Diploma	73.83%	73.72%	73.87%
	Bachelor Noncompletion/ High School and Below	2.59%	2.52%	2.35%
	Total	100%	100%	100%

5.4 Environmental Protection Expenditure

Any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to environmental pollution incidents (including any compensation paid), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The Company mainly offers IT software development, testing, and system maintenance and operation services. As we are not a manufacturing business, our business model does not generate pollutants and causes no damage to the environment and the ecosystem. Although we belong to an industry with low greenhouse gas emissions and low energy intensity, the Company is still dedicated to reducing emissions as well as energy usage. In practice, this means focusing more on procuring certified green products, as well as promoting energy saving measures and reducing our footprint.

5.5 Labor Relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

A. Employee Benefits and Implementation

(1) Annual leave days in accordance to laws and regulations, pension fund in accordance with labor rights.

(2) Paid leaves (personal leaves) that exceeds the basic labor law requirements, and flexible work hours.

(3) In response to the COVID-19 pandemic, when employees are required to go on business trips, the Company will cover all expenses related to quarantine accommodation and COVID-19 testing, as well as provide increased per diem allowances.

(4) Offers labor insurance, national health insurance coverages, as well as group insurance for the employee and their immediate family members. In the case of a business trip, travel insurance is also provided.

(5) A welfare committee that regularly plans various events, such as festival parties, afternoon teas, day-trips, employee meal gathers, as well as yearend parties.

(6) Regular employee health checks as well as discounted health checks for immediate family members of employees.

(7) The company nurse provides bi-weekly health consultation services for our employees and also offers health lectures and activities to help improve our colleagues' work-life balance.

(8) Employee club support.

(9) Bonuses and/or gifts for major holidays

(10) Well-wishing money for weddings, funerals, festivities, emergencies, and hospitalization.

(11) Facilities such as employee break room, nursing room, massage chair area, and legal consultation room.

(12) Mobile phone bill subsidies.

(13) Comprehensive employee break room provides sports and recreational facilities to make our staff relax in spare time, and the more friendly working space could improve higher productivity.

B. Workplace Diversity and Equality

We adopt a remuneration policy of equal pay for equal work and provide fair appointment and promotion opportunities to enhance inclusivity and sustainable growth. In 2022, females accounted for 37% of employees and 48% of supervisors.

C. Continuing Education and Training:

To enhance professional technological capabilities of our staff, and improve performance as well as the value on services quality, we hold educational trainings in accordance with the yearly education and training schedule. This includes both internal and external trainings, in order to enhance professional skills of different staff members. In addition, the Company, acknowledging the need of increasing talent demand, started to introduce the TTQS training quality management system in 2013, which was assessed and approved by the Ministry of Labor (formerly Committee of Labor, Executive Yuan). Through TTQS, the Company's training offerings will suit our operational needs even better, and will combine the training and cultivation of talent with our business development, creating a win-win situation. Examples of the Company's Trainings:

(1) New Employee Orientation:

Offers content on fields of business, work regulations, employee benefit, ethics/integrity training, rewards and disciplinary rules, amongst others. Allowing new employees, a comprehensive basic understanding of the Company.

(2) Pre-job Training:

In accordance with Article 16 of the Occupational Safety and Health Education and Training Rules by the Ministry of Labor, offering necessary safety and health education and trainings specified for their post.

(3) On-the-Job Training:

Assist in cultivating professional knowledge, skill, and practical application ability. For example, the Company offers software engineering training courses such as the "Software Mini-Weekend" for employees to learn skills and knowledge related to the latest software development technologies, and the "Developer Group," which providing a platform for sharing and communicating trends and technologies.

(4) Management Training:

Improve the quality of our entry-, mid- and high-level management for managers at all levels, and encourage management thinking in various situations.

(5) Professional Skill Training:

Assigning employees to train at various work-relevant institutions for training, allowing for professional accreditations and certifications.

D. Retirement and Implementation:

(1) In accordance with the "Labor Standards Act", the Company has set up employee retirement regulations. In accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds," the Company allocates 2% of the total salaries and wages of all employees retained under the old system in the monthly retirement reserve fund, which is deposited at the Bank of Taiwan.

(2) From July 1, 2015, in conjunction with the implementation of the Labor Pension Act, the Company allocated 6% of the salary of employees on a monthly bases, which is deposited in the personal pension fund of our employees.

E. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company has good communication channels, and based on relevant laws and regulations, offers regular management meetings between each department head and their subordinates, as well as face to face discussions, emails, feedbacks from training sessions, maintaining good interaction between employees and the Company. There are currently no outstanding conciliatory negotiations.

F. Specific measures to improve employee benefits and rights:

(1) Increase the number of emergency medical personnel and AED deployment to improve the working environment of employees' safety and health.
(2) Promote the use of the e-learning platform and library to create a self-learning organization.
(3) Company senior executives lead colleagues to participate in various festival activities to create a harmonious relationship between labor and management.
(4) The Chairman and CEO lead and conduct relevant organizational culture construction activities to enhance corporate culture and implement company strategies.

5.5.2 List any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

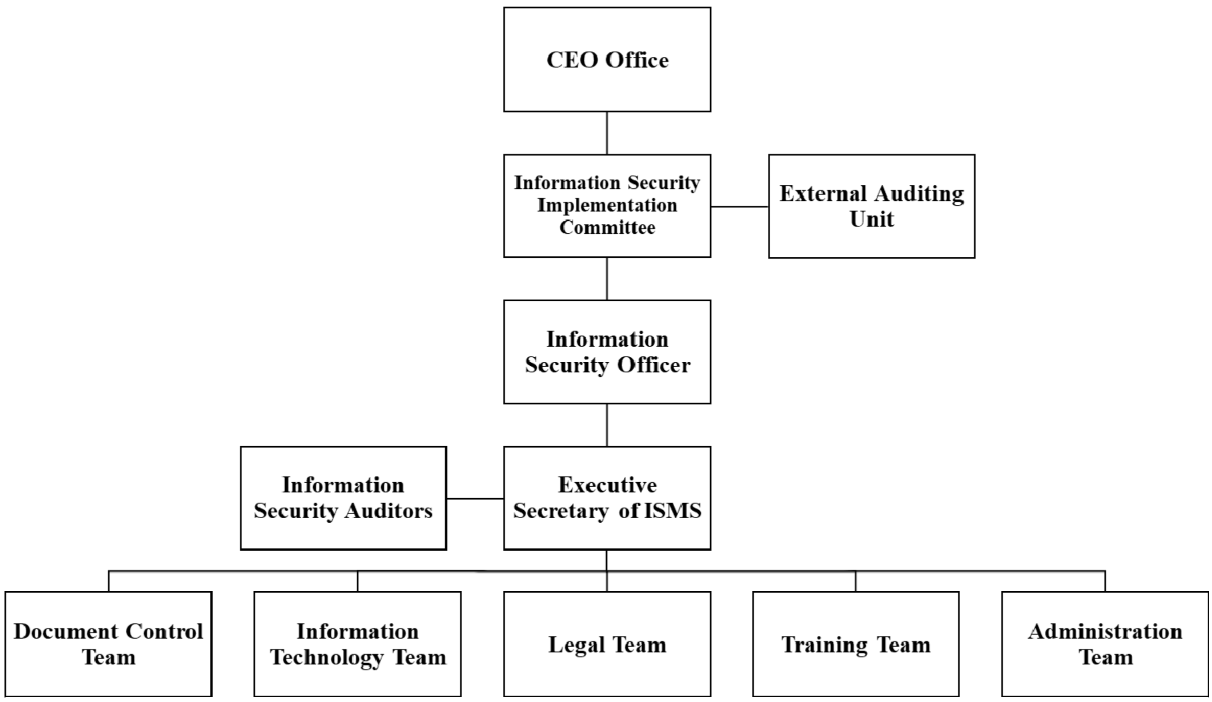
5.6 Cyber Security Management

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

A. Information Security Policy

In order to fulfill the requirements of the ISO Information Security Management Systems, the Company focuses on our processes and systems, legal compliance, personnel training, and use of technology to strengthen security protection capabilities for data, information systems, equipment, and network communications. This effectively decreases the risk of information assets being stolen, used inappropriately, leaked, altered or damaged due to human error, malicious intent or natural disasters, ensuring that we keep our promises to shareholders and clients, as well as achieving the Company's sustainability goals.

B. Information Security Organization



The Information Security Implementation Committee will hold a management and review meeting at least once every six months and after an internal audit of information security systems is completed. To ensure that the Company's information security and quality management systems are operating effectively, the Company's executives will review the information security systems routinely, as well as track, revise, and finalize improvement measures, so as to help all departments successfully achieve the information security goals.

C. Information Security Management System

The Company's information security management system (ISMS) is based on the P.D.C.A. management cycle developed by the International Organization for Standardization, which enables institutionalizing, documenting, and systematizing of our information security operations. By continuing to monitor and review management performance, we are able to achieve our goals for information security management and continued business operations, ensuring the confidentiality, integrity, and availability of the Company's information assets, as well as complying with applicable laws and regulations. These measures prevent the assets from being compromised by malicious or accidental threats, either internally or externally, as well as protect the rights of our employees or clients, so as to achieve the following:

(1) Implementing information security policy.

(2) Complying with legal requirements.

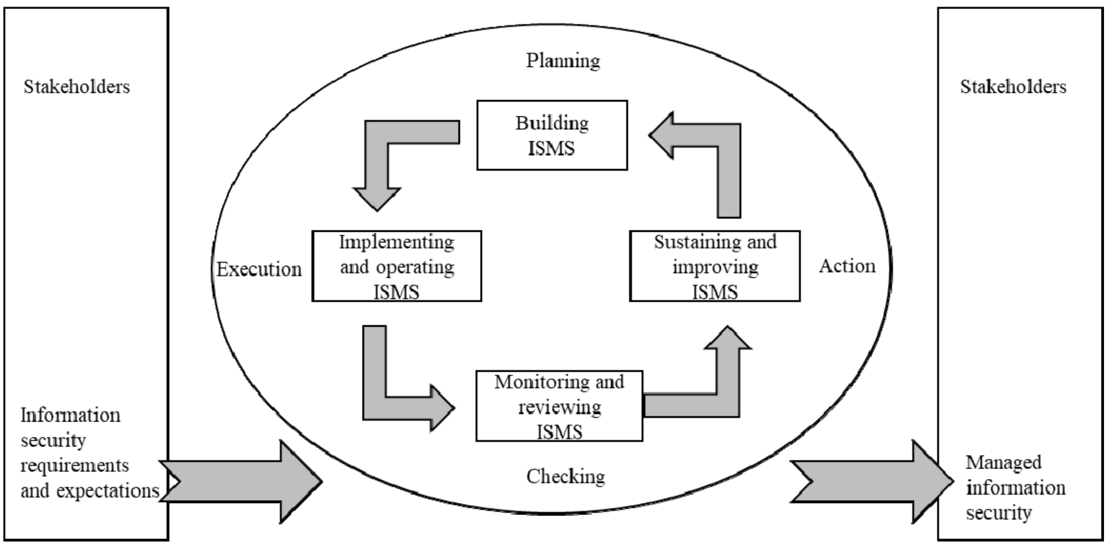
(3) Enhancing information security incident response capabilities.

(4) Training IT personnel to enhance their professional skills in information security.

(5) Achieving effectiveness measurement targets for information security management.

Wistron ITS obtained ISO 27001 certification on December 18, 2008, and has continued to renew our certification every three years. Our current certificate is valid until December 17, 2023.

Image 1 PDCA model for ISMS processes



Planning (Building ISMS)	• Establish policies, objectives, processes, and procedures related to ISMS for risk management and information security improvement to generate results that align with the organization' s overall policies and goals.
Execution (Implementing and operating ISMS)	• Implementing and operating ISMS policies, control measures, processes, and procedures.
Checking (Monitoring and reviewing ISMS)	• Evaluating and, where applicable, measuring the performance of these processes according to ISMS policies, objectives and actual experiences, and then reporting the results to management for review.
Action (Sustaining and improving ISMS)	• Implementing corrective or preventative measures based on the results of ISMS internal audits and management reviews, or other relevant information, in order to continuously improve ISMS.

D. Information security management for effective operations and continuous improvement

With ISO27001 certification for information security management, we continuously improve our operation model to ensure the effectiveness of management. The management system consists of:

(1) Formulating complete standards and clear operating procedures for the systematic operation of information security management.

(2) Using various tools and technologies to identify, protect, detect, respond and recover in a timely and effective manner.

(3) Establishing an operational process for responding to and recovering from information security incidents in order to quickly isolate and eliminate threats and reduce the scope and extent of impact.

(4) Performing disaster recovery drills for critical application systems on a regular basis to ensure their effectiveness.

(5) Offering employee safety education and training to raise employees' awareness of information safety in a comprehensive manner.

(6) Performing regular internal and external audits every year to review the entire management system to ensure normal operation and continuous improvement.

E. Information security and cyber risk assessment

The Information Asset Inventory is reviewed each year, and risk assessments are routinely conducted based on internal and external information security issues, information security events, and audit results. Appropriate resources are invested to improve or increase control measures to reduce or eliminate risks related to high-risk items.

F. Information security education, training, and promotion

To increase employees' information security awareness, the Company has created an information security e-learning course and distributes monthly information security newsletters to share case studies, in order to enhance employees' knowledge and skills regarding information security. For new recruits, there is a mandatory information security practical training course included in the orientation process. We also offer training sessions related to information security for all employees every year, as well as conduct social engineering drills each quarter to strengthen our organization's defense against Internet fraud.

G. Resources invested in information security management

To enhance our information security capabilities, Wistron ITS has not only installed anti-virus software for endpoint security, but also constructed firewalls to defend against potential cyber security threats. To detect hacker attacks, we have also deployed advanced threat protection to monitor systems and detect malicious cyber behavior. Furthermore, we use two-factor authentication to decrease the risk of accounts and passwords in our system being used fraudulently or stolen, increasing overall system security. Finally, we have adopted a managed detection system to swiftly understand current information security threats, as well as remain up to date on the latest information security information, both domestically and internationally.

H. Impact of significant information security events that have occurred and measures taken in response

No significant information security incidents occurred in 2022. In order to respond to external changes and ever-changing attack techniques, we are constantly monitoring new information and technologies to keep our defensive or management practices up to date, so as to effectively block new forms of information security threats and reduce operational risks.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

None.

5.7 Important Contracts

The Company is not currently party to any material contract, other than contracts entered into in the ordinary course of its business. The Company's "Significant commitments and contingencies" are disclosed in Appendix 1 "Consolidated Financial Statements of the Most Recent Year."

6. Financial Information

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Most recent 5-year concise consolidated balance sheet and consolidated statement of comprehensive income

Concise Consolidated Balance Sheet

Unit：NT$ thousands

Item \ Period		Most recent 5-Year Financial Information					2023 (As of March 31)
		2018	2019	2020	2021	2022	
Current assets		2,518,321	2,339,315	2,708,495	3,073,122	3,656,674	-
Property, plant and equipment		58,210	853,356	810,501	813,853	782,090	-
Intangible assets		26,388	32,036	32,870	38,915	32,774	-
Other assets		360,711	136,987	92,311	91,577	90,220	-
Total assets		2,963,630	3,361,694	3,644,177	4,017,467	4,561,758	-
Current Liabilities	Before Distribution	924,065	1,037,404	1,100,382	1,371,905	1,610,187	-
	After Distribution	1,026,428	1,249,888	1,429,134	1,676,678	(Note)	-
Non-Current liabilities		212,363	215,293	208,577	187,840	153,191	-
Total Liabilities	Before Distribution	1,136,428	1,252,697	1,308,959	1,559,745	1,763,378	-
	After Distribution	1,238,791	1,465,181	1,637,711	1,864,518	(Note)	-
Equity attributable to owners of the Company		1,827,202	2,108,997	2,335,218	2,457,722	2,798,380	-
Share Capital	Before Distribution	602,137	664,011	667,083	669,211	671,523	-
	After Distribution	662,351	664,011	667,083	669,211	(Note)	-
Capital surplus		717,711	736,051	753,005	770,877	791,658	-
Retained Earnings	Before Distribution	583,258	834,032	1,069,842	1,198,187	1,449,437	-
	After Distribution	420,681	621,548	741,090	893,414	(Note)	-
Other equity interest		-75,904	-125,097	-81,212	-107,053	-77,104	-
Treasury shares		-	-	-73,500	-73,500	-37,134	-
Non-controlling interests		-	-	-	-	-	-
Total Equity	Before Distribution	1,827,202	2,108,997	2,335,218	2,457,722	2,798,380	-
	After Distribution	1,724,839	1,896,513	2,006,466	2,152,949	(Note)	-

Resource: The yearly financial information was audited by independent auditors. As of the publication date of the annual report, the consolidated financial statements for 2023Q1 have not been reviewed by independent auditors.

Note: Profit distribution of 2022 is subject to ratification of Shareholders Meeting.

Concise Consolidated Statement of Comprehensive Income

Unit：NT$ thousands

Item \ Period	Most recent 5-Year Financial Information					2023 (As of March 31)
	2018	2019	2020	2021	2022	
Net revenue	3,953,321	5,323,464	5,100,895	6,177,820	7,948,886	-
Gross profit	929,395	1,302,559	1,313,714	1,440,063	1,673,914	-
Net Operating income	207,218	438,599	484,575	459,817	562,817	-
Non-operating income and expenses	67,344	19,545	64,719	55,315	70,316	-
Profit before tax	274,562	458,144	549,294	515,132	633,133	-
Net Profit from continuing operations	253,190	413,123	465,889	455,634	554,202	-
Net Profit from discontinued operations, net of tax	-	-	-	-	-	-
Net profit	253,190	413,123	465,889	455,634	554,202	-
Other comprehensive income for the year, net of tax	-7,941	-48,965	26,290	-24,378	31,770	-
Total comprehensive income for the year	245,249	364,158	492,179	431,256	585,972	-
Net Profit attributable to owners of the Company	253,190	413,123	465,889	455,634	554,202	-
Net Profit attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to owners of the Company	245,249	364,158	492,179	431,256	585,972	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
EPS (NT$)	4.75	6.23	7.06	6.91	8.33	-

Resource: The yearly financial information was audited by independent auditors. As of the publication date of the annual report, the consolidated financial statements for 2023Q1 have not been reviewed by independent auditors.

6.1.2 Most recent 5-year concise parent company only balance sheet and statement of comprehensive income

Concise Parent Company Only Balance Sheet

Unit：NT$ thousands

Item \ Period		Most recent 5-Year Financial Information 2018	2019	2020	2021	2022	2023 (As of March 31)
Current assets		1,000,467	558,512	431,754	432,531	491,665	-
Property, plant and equipment		16,407	519,985	502,975	508,687	500,179	-
Intangible assets		5,555	7,210	8,254	11,289	8,362	-
Other assets		1,104,864	1,365,790	1,770,112	2,058,499	2,493,864	-
Total assets		2,127,293	2,451,497	2,713,095	3,011,006	3,494,070	-
Current Liabilities	Before Distribution	226,001	266,266	299,562	474,905	618,582	-
	After Distribution	328,364	478,750	628,314	779,678	(Note)	-
Non-Current liabilities		74,090	76,234	78,315	78,379	77,108	-
Total Liabilities	Before Distribution	300,091	342,500	377,877	553,284	695,690	-
	After Distribution	402,454	554,984	706,629	858,057	(Note)	-
Share Capital	Before Distribution	602,137	664,011	667,083	669,211	671,523	-
	After Distribution	662,351	664,011	667,083	669,211	(Note)	-
Capital surplus		717,711	736,051	753,005	770,877	791,658	-
Retained Earnings	Before Distribution	583,258	834,032	1,069,842	1,198,187	1,449,437	-
	After Distribution	420,681	621,548	741,090	893,414	(Note)	-
Other equity interest		-75,904	-125,097	-81,212	-107,053	-77,104	-
Treasury shares		-	-	-73,500	-73,500	-37,134	-
Total Equity	Before Distribution	1,827,202	2,108,997	2,335,218	2,457,722	2,798,380	-
	After Distribution	1,724,839	1,896,513	2,006,466	2,152,949	(Note)	-

Resource: The yearly financial information was audited by independent auditors. The Company does not issue the parent only financial statements for 2023Q1.

Note: Profit distribution of 2022 is subject to ratification of Shareholders Meeting.

Concise Parent Company Only Statement of Comprehensive Income

Unit：NT$ thousands

Item \ Period	Most recent 5-Year Financial Information					2023 (As of March 31)
	2018	2019	2020	2021	2022	
Net revenue	800,085	912,368	1,006,451	1,213,705	1,439,375	-
Gross profit	275,567	344,263	340,292	460,228	540,250	-
Net Operating income	18,709	61,116	75,767	170,340	178,518	-
Non-operating income and expenses	245,559	375,163	418,968	332,628	422,705	-
Profit before tax	264,268	436,279	494,735	502,968	601,223	-
Net Profit from continuing operations	253,190	413,123	465,889	455,634	554,202	-
Net Profit from discontinued operations, net of tax	-	-	-	-	-	-
Net profit	253,190	413,123	465,889	455,634	554,202	-
Other comprehensive income for the year, net of tax	-7,941	-48,965	26,290	-24,378	31,770	-
Total comprehensive income for the year	245,249	364,158	492,179	431,256	585,972	-
EPS (NT$)	4.75	6.23	7.06	6.91	8.33	-

Resource: The yearly financial information was audited by independent auditors. The Company does not issue the parent only financial statements for 2023Q1.

6.1.3 Independent auditors and their opinions for the most recent 5 years

Year	Name of CPA	Auditor's Opinion
2018	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2019	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2020	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2021	Ya-Ling Chen, Ming-Hung Huang	Unqualified opinion
2022	Ming-Hung Huang, Chia-Chien Tang	Unqualified opinion

KPMG Taiwan
68F, TAIPEI 101 TOWER, No.7, Sec.5, Xinyi Road, Taipei, 110, Taiwan, R.O.C.
(02)8101-6666

6.2 Most Recent 5-Year Financial Analysis

6.2.1 Financial analysis-For consolidated financial statements

Item	Period	Most recent 5-Year Financial Analysis					2023 (As of March 31)
		2018	2019	2020	2021	2022	
Capital Structure Analysis (%)	Debts Ratio	38.35	37.26	35.92	38.82	38.66	-
	Long-term Fund to Property, Plant and Equipment	3,503.81	272.37	313.85	325.07	377.40	-
Liquidity Analysis (%)	Current Ratio	272.53	225.50	246.14	224.00	227.10	-
	Quick Ratio	268.25	224.10	244.71	222.75	225.86	-
	Times Interest Earned	23,647.34	6,006.20	9,331.83	10,634.40	9,425.87	-
Operating Performance Analysis	A/R Turnover (Times)	4.44	4.21	3.56	3.43	3.45	-
	A/R Turnover Days	82	87	102	108	106	-
	Inventory Turnover (Times)	-	-	-	-	-	-
	A/P Turnover (Times)	20.68	24.42	26.97	46.49	72.73	-
	Inventory Turnover Days	-	-	-	-	-	-
	Property, Plant and Equipment Turnover (Times)	77.60	11.68	6.13	7.61	9.96	-
	Total Assets Turnover (Times)	1.63	1.68	1.46	1.61	1.85	-
Profitability Analysis	Return on Assets (%)	10.50	13.26	13.44	12.00	13.05	-
	Return on Equity (%)	17.85	20.99	20.97	19.01	21.09	-
	Profit Before Tax to Paid-in Capital Ratio (%)	45.60	69.00	82.34	76.98	94.28	-
	Net Profit Rate (%)	6.40	7.76	9.13	7.38	6.97	-
	EPS（NTD）	4.75	6.23	7.06	6.91	8.33	-
Cash Flow (%)	Cash Flow Ratio	1.11	31.98	59.38	3.84	35.14	-
	Cash Flow Adequacy Ratio	68.63	51.07	85.17	64.46	82.35	-
	Cash Reinvestment Ratio	(Note 1)	9.48	16.53	(Note 1)	8.26	-
Leverage	Operating Leverage	1.47	1.28	1.24	1.24	1.21	-
	Financial Leverage	1.01	1.02	1.01	1.01	1.01	-

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):

1. Increase in A/P Turnover was mainly due to increase in cost of sales.
2. Increase in Property, Plant and Equipment Turnover was mainly due to increase in net revenue in 2022.
3. Increase in Profit Before Tax to Paid-in Capital Ratio was mainly due to increase in profit before tax in 2022.
4. Increase in Cash Flow Ratio was mainly due to increase in cash flow from operating activities in 2022.
5. Increase in Cash Flow Adequacy Ratio was mainly due to increase in cash flow from operating activities in 2022.

6.2.2 Financial analysis-For parent company only financial statements

Item	Period	Most recent 5-Year Financial Information					2023 (As of March 31)
		2018	2019	2020	2021	2022	
Capital Structure Analysis (%)	Debts Ratio	14.11	13.97	13.93	18.38	19.91	-
	Long-term Fund to Property, Plant and Equipment	11,588.30	420.25	479.85	498.56	574.89	-
Liquidity Analysis (%)	Current Ratio	442.68	209.76	144.13	91.08	79.48	-
	Quick Ratio	442.66	209.23	143.70	90.75	79.08	-
	Times Interest Earned	164,241.61	142,674.84	227,042.66	161,307.69	44,113.40	-
Operating Performance Analysis	A/R Turnover (Times)	4.14	3.66	4.15	4.43	4.41	-
	A/R Turnover Days	88	100	88	82	83	-
	Inventory Turnover (Times)	-	-	-	-	-	-
	A/P Turnover (Times)	13.44	32.80	110.83	271.87	318.61	-
	Inventory Turnover Days	-	-	-	-	-	-
	Property, Plant and Equipment Turnover (Times)	48.30	3.40	1.97	2.40	2.85	-
	Total Assets Turnover (Times)	0.47	0.40	0.39	0.42	0.44	-
Profitability Analysis	Return on Assets (%)	14.72	18.06	18.05	15.93	17.07	-
	Return on Equity (%)	17.85	20.99	20.97	19.01	21.09	-
	Profit Before Tax to Paid-in Capital Ratio (%)	43.89	65.70	74.16	75.16	89.53	-
	Net Profit Rate (%)	31.65	45.28	46.29	37.54	38.50	-
	EPS（NTD）	4.75	6.23	7.06	6.91	8.33	-
Cash Flow (%)	Cash Flow Ratio	11.77	48.43	48.77	44.75	41.14	-
	Cash Flow Adequacy Ratio	29.37	29.09	41.38	43.87	49.28	-
	Cash Reinvestment Ratio	0.25	1.20	(Note 1)	(Note 1)	(Note 1)	-
Leverage	Operating Leverage	2.42	1.48	1.30	1.15	1.16	-
	Financial Leverage	1.01	1.01	1.00	1.00	1.01	-

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):

1. Decrease in Times Interest Earned was mainly due to increase in interest expense.
2. Increase in EPS was mainly due to increase in net profit in 2022.

Resource:

1. The yearly financial information was audited by independent auditors.
2. As of the publication date of the annual report, the consolidated financial statements for 2023Q1 have not been reviewed by independent auditors.
3. The Company does not issue the parent only financial statements for 2023Q1.

Note 1: The negative ratio is meaningless.

Note 2: Formulate is as follows:

1. Capital Structure Analysis
   (1) Debts Ratio＝Total liabilities／Total assets
   (2) Long-term Fund to Property, Plant and Equipment＝(Net equity＋Non-current liabilities)／Net property, plant and equipment
2. Liquidity Analysis
   (1) Current Ratio＝Current Assets／Current liabilities
   (2) Quick Ratio＝(Current assets－Inventory－Prepaid expenses)／Current liabilities
   (3) Times Interest Earned＝Profit before income tax and interest expense／Interest expense
3. Operating Performance Analysis
   (1) Accounts Receivable (including accounts receivable and notes receivable from operation) Turnover＝Net sales／the Average of accounts receivable (including accounts receivable and notes receivable from operation) balance
   (2) A/R Turnover Day＝365／accounts receivable turnover
   (3) Inventory Turnover＝Cost of Goods Sold／the average of inventory
   (4) Accounts Payable (including accounts payable and notes payable from operation)Turnover＝ Cost of goods sold／the average of accounts payable (including accounts payable and notes payable from operation) balance
   (5) Inventory Turnover Day＝365／Inventory turnover
   (6) Property, Plant And Equipment Turnover＝Net sales／the average of Property, Plant and Equipment
   (7) Total Assets Turnover＝Net sales／the average of total assets
4. Profitability Analysis
   (1) Return on Assets＝〔Net profit＋Interest expense × (1－effective tax rate)〕／the average of total assets
   (2) Return on Equity＝Net profit／the average of net equity
   (3) Net Profit Rate＝Net profit／Net sates
   (4) EPS ＝(Net profit－ Dividend from preferred shares)／weighted average outstanding shares
5. Cash Flow
   (1) Cash flow ratio＝Cash flow from operating activities／Current liabilities
   (2) Cash flow adequacy ratio＝Most recent 5-year Cash flow from operating activities／Most recent 5-year (Capital expenditure＋the increase of inventory＋cash dividend)
   (3) Cash reinvestment ratio＝(Cash flow from operating activities－cash dividend) ／(Gross property, plant and equipment＋long-term investment＋other non-current assets＋working capital)
6. Leverage
   (1) Operating leverage＝(Net revenue－variable cost of goods sold and operating expense)／ operating income
   (2) Financial leverage＝Net operating income／(Net operating income－interest expenses)

6.3 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron Information Technology and Services Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Information Technology and Services Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Information Technology and Services Corporation.

Convener of the Audit Committee：Yen Ling Fang

March 6, 2023

6.4 Consolidated Financial Statements of the Most Recent Year:

Please refer to Appendix 1.

6.5 Parent Company Only Financial Statements of the Most Recent Year:

Please refer to Appendix 2.

6.6 Any financial difficulties experienced by the Company or its affiliated companies and impacts on the Company's financial situation, in the most recent year and up to the publication date of this annual report:

None.

7. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

7.1.1 2022 vs. 2021 financial status

Unit: NT$ thousands

Year / Item	2022.12.31	2021.12.31	Difference	
			Amount	%
Current assets	3,656,674	3,073,122	583,552	19
Property, plant and equipment	782,090	813,853	-31,763	-4
Intangible assets	32,774	38,915	-6,141	-16
Other assets	90,220	91,577	-1,357	-1
Total assets	4,561,758	4,017,467	544,291	14
Current liabilities	1,610,187	1,371,905	238,282	17
Non-Current liabilities	153,191	187,840	-34,649	-18
Total liabilities	1,763,378	1,559,745	203,633	13
Share capital	671,523	669,211	2,312	-
Capital surplus	791,658	770,877	20,781	3
Retained earnings	1,449,437	1,198,187	251,250	21
Other equity interest	-77,104	-107,053	29,949	-28
Treasury Shares	-37,134	-73,500	36,366	-49
Total equity	2,798,380	2,457,722	340,658	14

Analysis for asset, liabilities and equity balance change more than 20%:
1. Increase in Retained earnings was mainly due to increase in net profit.
2. Increase in Other equity interest was mainly due to exchange gain on translation of foreign financial statements.
3. Decrease in Treasury shares was due to transfer shares to employees.

7.2 Analysis of Financial Performance

7.2.1 2022 vs. 2021 financial performance

Unit: NT$ thousands

Item \ Year	2022	2021	Increasing (decreasing) amount	Change percentage (%)
Net revenue	7,948,886	6,177,820	1,771,066	29
Cost of sales	6,274,972	4,737,757	1,537,215	32
Gross profit	1,673,914	1,440,063	233,851	16
Operating expenses	1,111,097	980,246	130,851	13
Net operating income	562,817	459,817	103,000	22
Non-operating income and expenses	70,316	55,315	15,001	27
Profit before tax	633,133	515,132	118,001	23
Income tax expenses	78,931	59,498	19,433	33
Net profit	554,202	455,634	98,568	22
Analysis for operating results amount change more than 20%: 1. Increase in Net revenue were mainly due to rapidly rising market demand, leading to a substantial growth of sales performance. Direct employee who provided IT services increased, leading to increase in Cost of sales. Gross profit increased as well. 2. Increase in Net operating income was mainly due to growth of sales performance. 3. Increase in Non-operating income was mainly due to increase in government subsidies. 4. Increase in Profit before tax and Net profit was mainly due to increase in Net operating income and Non-operating income. 5. Increase in Income tax expenses was mainly due to increase in profit before tax.				

7.2.2 The expected sales volume and its basis, the possible impact on the Company's future financial operations, and the plan of response

A. The expected sales volume for the coming year and its basis:

The Company expects its business volume to grow steadily in the coming year, mainly based on changes in the general economic environment, industry trends and the Company's future development direction, and with reference to the Company's recent operating objectives.

B. The possible impact on the Company's future financial operations, and the plan of response:

None.

7.3 Cash Flow

7.3.1 Analysis of consolidated cash flow in 2022

Unit: NT$ thousands

Cash beginning balance	Cash flow from operating activities	Cash flow (used in) investing & financing activities	Cash ending balance	Plan for cash ending balance shortage	
				Investment plan	Financing plan
877,245	565,813	-258,243	1,184,815	-	-

A. Analysis of cash flow in 2022

(1) Operating activities: The net cash inflow from operating activities was mainly attributable to the continued profitability of operations during the period.

(2) Investing activities: The net cash outflow from investing activities was mainly from procurement of property, plant and equipment.

(3) Financing activities: The net cash outflow from financing activities mainly resulted from the payment of cash dividends during the period.

B. Liquidity improvement plan

The Company showed no signs of liquidity deficit.

7.3.2 Analysis of cash liquidity in the coming year

The Company holds on the principle of maintaining liquidity and safety, manages cash flow from operating activities and investing activities to remain normal operations. The Company remains focused on its business and prudently evaluates all business developments in order to maintain normal operations, with no cash shortfall expected in the coming year.

7.4 Major Capital Expenditures and Impact on Financial and Business

Major Capital Expenditure and Expected Future Benefits: None.

7.5 Investment Policies

7.5.1 Investment policy for the most recent year and the profits/losses generated

A. The Company's investment policy is to invest in main business of IT services. The Company's investments are based on the extension of the Company's core competitiveness, and each investment project is carefully evaluated.

B. The Company's recognized net profit from long-term investments accounted for equity method is NT$384,872 thousands for 2022.

C. The long-term investments accounted for equity method for 2022 were as follows:

Unit: NT$ thousands

Invested Company	Shareholding	Investment costs	Account Balance	2022 Investment Gain/Loss
Wistron Information Technology and Services Inc.	100%	294,184	2,233,144	341,119
Wistron Information Technology and Services (Japan) Inc.	100%	29,564	146,211	25,109
Wistron Information Technology and Services Limited	100%	44	65,091	14,211
WITS AMERICA, CORP.	100%	7,586	31,558	3,504
WITS Taiwan, Inc.	100%	5,000	5,912	929

7.5.2 Investment plans for the coming year:

The Company will keep focus on operation for main business.

7.6 Risk Management

7.6.1 The effect upon the Company's profits (losses) of interest rate, exchange rate, or inflation, and response measures to be taken in the future

Unit: NT$ thousands

	2022	2021
Net Revenue	7,948,886	6,177,820
Interest Expenses	6,789	4,890
Interest Expenses/ Net Revenue	0.09%	0.08%
Net Exchange Gains (losses)	8,022	(4,289)
Net Exchange Gain s (losses)/ Operating Revenue	0.10%	(0.07%)

A. Effect of interest rate changes upon the Company's profits or losses and response measures to be taken in the future:

The Company's cash management policy is mainly based on the principle of safe, secure and stable, therefore idle funds are mainly placed in deposits with banks. The cash positions required for operating activities were borrowed at market-beating interest rates and adjusted appropriately for the cash positions. In the future, the Company will continue to pay attention to interest rate trends and prudently decide on the way to raise funds in order to obtain more favorable interest rates and avoid possible interest rate risks arising from operations, subject to the improvement of financial structure and reduction of interest rate risk movements.

B. Effect of exchange rate changes upon the Company's profits or losses and response measures to be taken in the future:

The Company's exchange gains amounted to NT$8,022 thousands for 2022, representing a ratio of 0.10% to net revenue for the period. In order to avoid the impact of exchange rate fluctuations on the Company's profit or loss, the Company's finance division maintain close contact with financial institutions to keep abreast of international exchange rate movements and changes, make timely adjustments to foreign currency holdings, and prudently evaluate the engagement of foreign exchange transactions.

C. Inflation:

The Company had no inflationary events that had a material impact on profits.

7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits (losses) generated thereby; and response measures to be taken in the future

The Company did not engage in high-risk, highly leveraged investments, loans to others, or derivative transactions during the most recent year, and the Company's endorsements/guarantees during the most recent year were limited to 100% owned subsidiaries of the Company, and no losses were incurred. The Company has established "Procedures for Governing Loaning of Funds", "Procedures for Governing Endorsements and Guarantees", "Rules and Procedures for Derivatives Transactions", and "Procedures for Acquisition and Disposal of Assets." The Company will continue to strictly adhere to the procedural norms and all transactions will be conducted in accordance with the relevant regulations.

7.6.3 Future R&D development plan and further expenditures

The Company provides information outsourcing services, technical consulting services, business process outsourcing services, product globalization services, etc. The Company provides software development services according to customers' needs and develop professional software testing services in response to customers' needs to improve product quality, providing customers with one-stop solutions for testing services. The Company continues to develop and nurture technical expertise and enrich the depth of our technical team. No significant risk is expected as the amount of research and development expenses is not significant as a proportion of overall costs and expenses.

7.6.4 Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Company keeps abreast of important policy and legal changes at home and abroad and assesses their impact on the Company, and there was no material adverse effect on the Company's financial operations as a result of the policy and legal changes both domestic and internationally in the most recent year and up to the publication date of this annual report.

7.6.5 Effect on the Company's financial operations of developments in technology (including cyber security risks) and industrial change, and measures to be taken in response

The Company is in the IT service industry, providing software development services according to customers' needs and developing professional software testing services in response to customers' needs to improve product quality. The Company have continued to cultivate elite technical teams, dedicating to cultivate employee's professional skill to face various challenges in information and technology development. The Company also pays attention to implementation of cyber security management, please refer to Chapter 5.6 in this annual report for more detail.

7.6.6 Effect on the Company's crisis management of changes in corporate image, and measures to be taken in response

The Company has always adhered to the business philosophy of respecting clients, integrity and innovation, in order to create a win-win situation for clients, employees and shareholders, the Company attaches importance to corporate image and risk control. Currently there are no adverse reports on the Company's image.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and measures to be taken in response

Currently there are no active mergers or acquisitions ongoing.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response

The Company has no current expansions.

7.6.9 Risks associated with sales or supply concentration, and measures to be taken in response

The Company's labor costs from external purchases accounted for only 8% of cost of sales, and the most procurement amount for single supplier accounted for 1% of cost of sales, thus there is no risk of concentration of supply.

There is no single client accounting for 10% or more of the Company's total sales revenue, thus there is no risk of sales concentration.

7.6.10 Effect on and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or major shareholder has been transferred or has otherwise changed hands, and measures to be taken in response

There have been no significant shareholding transfers by directors or major shareholders holding more than 10% of the Company's shares in the most recent year and up to the publication date of this annual report.

7.6.11 Effect on and risk to the Company associated with any change in governance personnel or top management, and measures to be taken in response

There was no change in the Company's governance personnel or top management in the most recent year and up to the publication date of this annual report.

7.6.12 List major litigious, non-litigious or administrative disputes that involve the Company and/or any director, supervisor, general manager, any person with actual responsibility for the firm, major shareholder, and/or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. The Company shall disclose the information about the dispute where such a dispute could materially affect shareholders' equity or the prices of the Company's securities

There was no such situation mentioned above in the most recent year and up to the publication date of this annual report.

7.6.13 Other important risks: None.

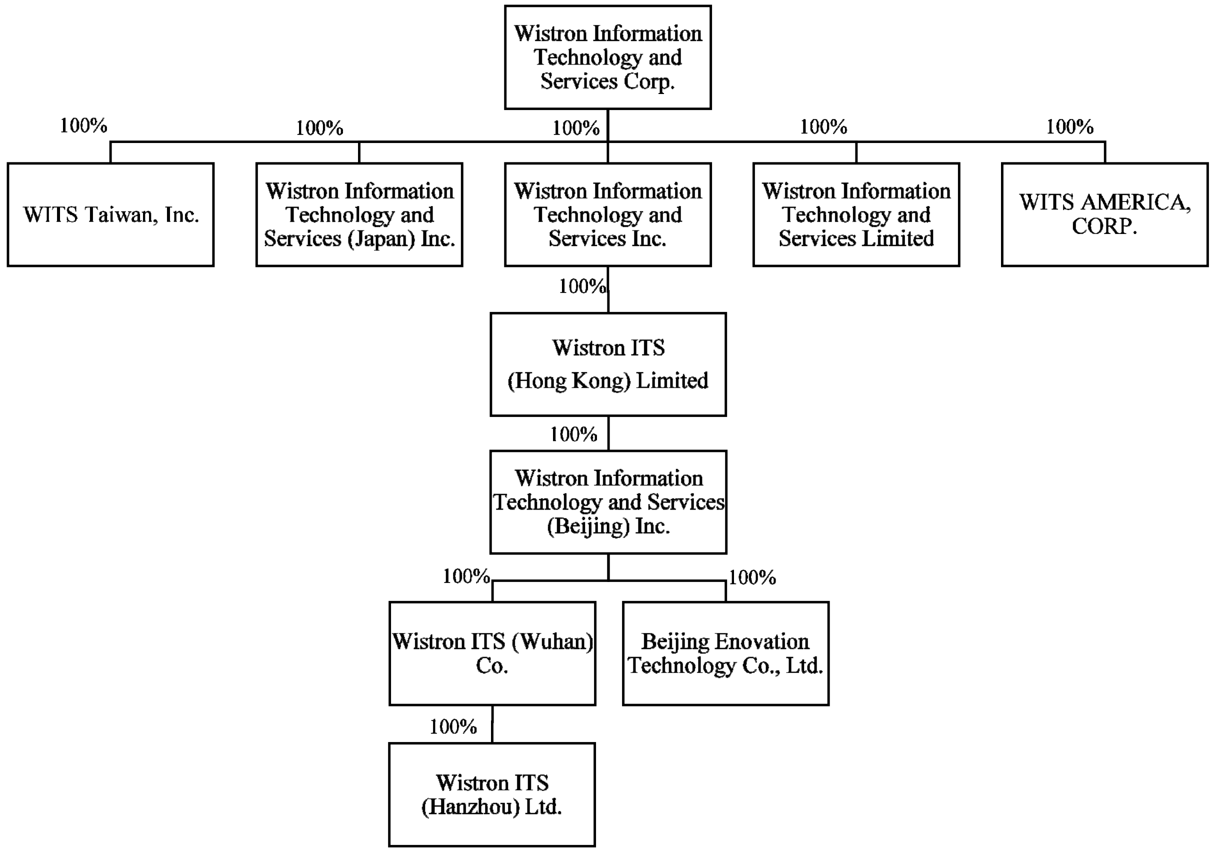
7.7 Other Important Matters: None.

8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated business report

A. Organizational chart (Y2022):



B. Information of affiliated companies:

December 31, 2022

Brief Name	Name of Company	Date of incorporation	Location	Currency	Paid in Capital	Main Business or Products
WIBI	Wistron Information Technology and Services Inc.	2002.11.01	B.V.I.	USD	9,000,000	Professional investor
WIJP	Wistron Information Technology and Services (Japan) Inc.	2003.02.05	Japan	JPY	98,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIHK	Wistron Information Technology and Services Limited	2004.03.03	Hong Kong	HKD	10,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIUS	WITS AMERICA, CORP.	2014.01.09	U.S.A.	USD	250,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WISS	WITS Taiwan, Inc.	2021.12.10	Taiwan	NTD	5,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIHH	Wistron ITS (Hong Kong) Limited	2020.02.21	Hong Kong	USD	62,773,559	Professional investor
WIBJ	Wistron Information Technology and Services (Beijing) Inc.	2003.01.27	China	USD	56,630,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIYC	Beijing Enovation Technology Co., Ltd.	2010.05.31	China	RMB	5,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIWZ	Wistron ITS (Wuhan) Co.	2010.12.29	China	RMB	150,000,000	Research and development, design, trade, and consultancy service business of computer information technology software.
WIHZ	Wistron ITS (Hangzhou) Ltd.	2021.09.07	China	RMB	600,000	Research and development, design, trade, and consultancy service business of computer information technology software.

C. Shareholders in common of the Company and its subsidiaries with deemed control and subordination: None.

D. Business scope of the Company and its affiliated companies:

(1) The Company and its affiliates offer professional services such as software R&D, software testing, system operation, business process outsourcing, and product globalization services.

(2) The businesses of the Company and its affiliates are relevant to each other, in which the Company and its affiliates often share the workload to offer cross-regional integration, global delivery and offshore R&D work, offering support for each other in order to maximize the competitive power of the Group, and creating the most effective performance.

E. Information of directors, supervisors and general managers of affiliated companies:

December 31, 2022

Brief Name	Name of Company	Title / Represented Institution	Name	No. of Shares / Paid in Capital	Ratio (%)
WIBI	Wistron Information Technology and Services Inc.	Director	Ching Hsiao、Phoebe Chang	-	-
WIJP	Wistron Information Technology and Services (Japan) Inc.	Representative Director	Ching Hsiao	-	-
		Director	Andy Kuo、Ivan Chen	-	-
		Supervisor	Phoebe Chang	-	-
WIHK	Wistron Information Technology and Services Limited	Director	Ching Hsiao、Phoebe Chang	-	-
WIUS	WITS AMERICA, CORP.	Director	Ching Hsiao、Phoebe Chang	-	-
WISS	WITS Taiwan, Inc.	Chairman	Ching Hsiao	-	-
		Supervisor	Yufen Sun	-	-
WIHH	Wistron ITS (Hong Kong) Limited	Director	Ching Hsiao、Phoebe Chang	-	-
WIBJ	Wistron Information Technology and Services (Beijing) Inc.	Chairman	Ching Hsiao	-	-
		Director	YuXiang Yang	-	-
		Director & General Manager	Jamie Liu		
		Supervisor	Phoebe Chang	-	-
WIYC	Beijing Enovation Technology Co., Ltd.	Chairman	Monica Sai	-	-
		Supervisor	Phoebe Chang	-	-
WIWZ	Wistron ITS (Wuhan) Co.	Chairman	Ching Hsiao	-	-
		Director	Jamie Liu	-	-
		Director & General Manager	YuXiang Yang	-	-
		Supervisor	Phoebe Chang	-	-
WIHZ	Wistron ITS (Hangzhou) Ltd.	Chairman	Monica Sai	-	-
		Supervisor	Phoebe Chang	-	-

F. Operation highlights of the Company's affiliated companies:

December 31, 2022; Unit: NT$ thousands

Brief Name	Name of Company	Paid-in Capital	Total assets	Total liabilities	Net Worth	Net Revenue	Operating income (loss)	Net Profit (loss) (after-tax)	Earnings Per Share (in dollar)
WIBI	Wistron Information Technology and Services Inc.	294,184	2,233,144	-	2,233,144	-	-65	341,119	1.90
WIJP	Wistron Information Technology and Services (Japan) Inc.	29,564	248,986	102,775	146,211	702,529	35,974	25,109	12,810.71
WIHK	Wistron Information Technology and Services Limited	44	127,346	62,255	65,091	458,041	5,590	14,211	1,421.20
WIUS	WITS AMERICA, CORP.	7,586	93,611	62,053	31,558	233,356	3,788	3,504	14.02
WISS	WITS Taiwan, Inc.	5,000	10,272	4,360	5,912	17,807	1,156	929	1.86
WIHH	Wistron ITS (Hong Kong) Limited	1,786,501	2,232,965	31	2,232,934	-	-77	338,032	5.38
WIBJ	Wistron Information Technology and Services (Beijing) Inc.	1,723,429	2,280,933	50,794	2,230,139	654,920	-6,107	338,096	Note
WIYC	Beijing Enovation Technology Co., Ltd.	24,449	21,302	2,816	18,486	9,459	313	523	Note
WIWZ	Wistron ITS (Wuhan) Co.	667,314	2,720,725	1,698,750	1,021,975	5,667,498	301,312	337,014	Note
WIHZ	Wistron ITS (Hangzhou) Ltd.	218	377	154	223	170	1	2	Note

Note: Limited Company

8.1.2 Consolidated financial statements covering affiliated companies:

Please refer to this English version annual report (pages 125-242)

8.1.3 Affiliation reports: None.

8.2 Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report: None.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and up to the Publication Date of this Annual Report: None.

8.4 Other Matters that Require Additional Description:

Commitment of listing on TPEx	Implementation status
Original Version To Commit to add the following paragraph in "Procedures for Acquisition and Disposal of Assets": The Company shall not give up capital increase in the future years on Wistron Information Technology and Service Inc. (referred to "WIBI"), Wistron Information Technology and Service (Japan) Inc. (referred to "WIJP"), and Wistron Information Technology and Service Limited. WIBI shall not give up capital increase in the future years on Wistron Information Technology and Services (Beijing) Inc. (referred to "WIBJ") and Shanghai Booster Technologies Company Limited. WIJP shall not give up capital increase in the future years on Wistron Information Technology and Service (Japan) Inc. (2). WIBJ shall not give up capital increase in the future years on Beijing Enovation Technology co., Ltd. and Wistron ITS (Wuhan) Co. If in the future, each company is required on the basis of strategic alliances or consent granted from Taipei Exchange, it shall be approved by special resolutions of Board of Directors of the Company. Furthermore, if the Procedures are subsequently amended, the Company shall announce material information in Market Observation Post System and report to Taipei Exchange in the form of letter for recordation.	Implement under Taipei Exchange's instructions, resolved by Board of Directors on March 26, 2014, and approved by Shareholders Meeting on June 18, 2014.
Amended Version To Commit to amend the following paragraph in "Procedures for Acquisition and Disposal of Assets": The Company shall not give up capital increase in the future years on Wistron Information Technology and Service Inc. (referred to "WIBI"), Wistron Information Technology and Service (Japan) Inc. (referred to "WIJP"), and Wistron Information Technology and Service Limited (referred to "WIHK"). The Company shall maintain directly or indirectly holding 100 percent of the issued shares to Wistron ITS (Hong Kong) Limited (referred to "WIHK (II)"). WIBI and WIHK (II) shall maintain substantial control over Wistron Information Technology and Services (Beijing) Inc. (referred to "WIBJ"), Shanghai Booster Technologies Company Limited. (referred to "QT"), Beijing Enovation Technology co., Ltd. (referred to "WIYC"), and Wistron ITS (Wuhan) Co. (referred to "WIWZ"), and shall maintain directly or indirectly holding 90 percent or more of the issued shares to them. If in the future, on the basis of strategic alliances or other reasonable grounds, the Company is required to directly or	The Company amend the commitment of listing and obtain Taipei Exchange's agreement by TPEx letter No. 1090200153 on February 10, 2020. It is resolved by Board of Directors on March 27, 2020, and approved by Shareholders Meeting on June 22, 2020.

Commitment of listing on TPEx	Implementation status
indirectly hold issued shares to WIBI, WIJP, WIHK, and WIHK(II) lower than the percentage mentioned above; or WIBI and WIHK(II) are required to directly or indirectly hold issued shares to WIBJ, QT, WIYC, and WIWZ lower than the percentage mentioned above, it shall be granted consent from Taipei Exchange (referred as "TPEx"), and then approved by special resolutions of Board of Directors of the Company. Furthermore, if the Procedures are subsequently amended, the Company shall announce material information in Market Observation Post System and report to TPEx in the form of letter for recordation.	
To commit to establish full-time internal auditors in Wistron Information Technology and Services (Beijing) Inc., and maintain the establishment after listing.	Implement under Taipei Exchange's instructions, established full-time internal auditors in Wistron Information Technology and Services (Beijing) Inc. and resolved by Board of Directors on March 26, 2014.

9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred in the most recent year and up to the publication date of this annual report: None.

Appendix 1: Consolidated Financial Statements of the Most Recent Year

Representation Letter

The entities that are required to be included in the combined financial statements of Wistron Information Technology and Services Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wistron Information Technology and Services Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Wistron Information Technology and Services Corporation
Chairman: Ching Hsiao
Date: March 6, 2023

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Independent Auditors' Report

To the Board of Directors of Wistron Information Technology and Services Corporation:

Opinion

We have audited the consolidated financial statements of Wistron Information Technology and Services Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of notes and accounts receivable

Please refer to Note 4(g) "Financial Instruments" for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of notes and accounts receivable and Note 6(b) for the disclosure of the valuation of notes and accounts receivable to the consolidated financial statements.

Description of key audit matter

The Group engaged in the information technology service industry. Resulting in significant judgment being applied in the management's assessment of the recoverability of notes and accounts receivable. Consequently, the valuation of notes and accounts receivable is identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for notes and accounts receivable was compliance with the Group's accounting policy; evaluating the adequacy of the disclosure of loss allowance for notes and accounts receivable prepared by management.

Other Matter

Wistron Information Technology and Services Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Chia-Chien Tang.

KPMG

Taipei, Taiwan (The Republic of China)
March 6, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,184,815	26	877,245	22
1140	Current contract assets (note 6(m))	7,450	-	12,215	-
1170	Notes and accounts receivable, net (notes 6(b) and (m))	2,369,028	52	2,092,900	52
1180	Accounts receivable-related parties, net (notes 6(b), (m) and 7)	55,725	1	38,159	1
1200	Other receivables	602	-	2,186	-
1220	Current tax assets	1,703	-	12,811	-
1410	Prepayments	19,933	1	17,205	-
1470	Other current assets (note 6(f))	17,418	-	20,401	1
	Total current assets	3,656,674	80	3,073,122	76
	Non-current assets:				
1600	Property, plant and equipment (notes 6(c) and 8)	782,090	17	813,853	20
1755	Right-of-use assets (note 6(d))	37,155	1	57,740	2
1780	Intangible assets (notes 6(e) and 7)	32,774	1	38,915	1
1840	Deferred tax assets (note 6(j))	34,625	1	20,189	1
1900	Other non-current assets (notes 6(f) and 8)	18,440	-	13,648	-
	Total non-current assets	905,084	20	944,345	24
	Total assets	**$ 4,561,758**	**100**	**4,017,467**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(g))	$ 158,075	4	107,230	3
2130	Current contract liabilities (notes 6(m) and 7)	15,852	-	14,665	-
2170	Accounts payable	77,865	2	94,687	3
2219	Other payables (note 6(n))	1,221,262	27	1,047,978	26
2220	Other payables-related parties (note 7)	21	-	196	-
2230	Current tax liabilities	55,469	1	42,935	1
2399	Other current liabilities	48,962	1	29,487	1
2280	Current lease liabilities (note 6(h))	23,867	1	26,453	1
2322	Long-term borrowings, current portion (notes 6(c), (g) and 8)	8,814	-	8,274	-
	Total current liabilities	1,610,187	36	1,371,905	35
	Non-Current liabilities:				
2540	Long-term loans (notes 6(c), (g) and 8)	47,594	1	55,543	1
2570	Deferred tax liabilities (note 6(j))	81,325	2	87,247	2
2580	Non-current lease liabilities (note 6(h))	9,128	-	27,417	1
2640	Net defined benefit liability, non-current (note 6(i))	12,789	-	15,173	-
2670	Other non-current liabilities	2,355	-	2,460	-
	Total non-current liabilities	153,191	3	187,840	4
	Total liabilities	1,763,378	39	1,559,745	39
	Equity (notes 6(i) and (k)):				
3100	Capital stock	671,523	15	669,211	17
3200	Capital surplus	791,658	17	770,877	19
3300	Retained earnings	1,449,437	32	1,198,187	30
3400	Other equity	(77,104)	(2)	(107,053)	(3)
3500	Treasury shares	(37,134)	(1)	(73,500)	(2)
	Total equity	2,798,380	61	2,457,722	61
	Total liabilities and equity	**$ 4,561,758**	**100**	**4,017,467**	**100**

See accompanying notes to financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(m) and 7)**	$ 7,948,886	100	6,177,820	100
5000	**Cost of Sales (notes 6(c), (d), (e), (h), (i) and 12)**	(6,274,972)	(79)	(4,737,757)	(77)
	Gross profit	1,673,914	21	1,440,063	23
	Operating expenses (notes 6(b), (c), (d), (e), (h), (i), (k), (m), (n), 7 and 12)				
6100	Selling expenses	(210,293)	(3)	(168,779)	(3)
6200	Administrative expenses	(862,659)	(11)	(794,597)	(13)
6300	Research and development expenses	(40,234)	-	(19,731)	-
6450	Reversal of expected credit loss provion	2,089	-	2,861	-
	Total operating expenses	(1,111,097)	(14)	(980,246)	(16)
	Net operating income	562,817	7	459,817	7
	Non-operating income and expenses (notes 6(h) and (o)):				
7100	Interest income	5,235	-	8,293	-
7010	Other income	66,632	1	53,118	1
7020	Other gains and losses	5,238	-	(1,206)	-
7050	Finance costs	(6,789)	-	(4,890)	-
	Total non-operating income and expenses	70,316	1	55,315	1
	Profit before tax	633,133	8	515,132	8
7950	Income tax expenses (note 6(j))	(78,931)	(1)	(59,498)	(1)
	Net profit	554,202	7	455,634	7
8300	**Other comprehensive income (notes 6(i), (j) and (k)):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,821	-	1,463	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	1,821	-	1,463	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	29,949	-	(25,841)	-
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	29,949	-	(25,841)	-
8300	**Other comprehensive income (loss)**	31,770	-	(24,378)	-
	Total comprehensive income	$ **585,972**	**7**	**431,256**	**7**
	Earnings per share (in dollars) (note 6(l))				
9750	**Basic earnings per share**	$ **8.33**		**6.91**	
9850	**Diluted earnings per share**	$ **8.19**		**6.83**	

See accompanying notes to financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Capital stock		Retained earnings				Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2021	$ 667,083	753,005	131,840	125,097	812,905	1,069,842	(81,212)	(73,500)	2,335,218
Net profit	-	-	-	-	455,634	455,634	-	-	455,634
Other comprehensive income	-	-	-	-	1,463	1,463	(25,841)	-	(24,378)
Total comprehensive income	-	-	-	-	457,097	457,097	(25,841)	-	431,256
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	44,829	-	(44,829)	-	-	-	-
Cash dividends	-	-	-	-	(328,752)	(328,752)	-	-	(328,752)
Reversal of special reserve	-	-	-	(43,885)	43,885	-	-	-	-
New share issued through employees' profit sharing bonus	2,128	17,872	-	-	-	-	-	-	20,000
Balance at December 31, 2021	669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	(73,500)	2,457,722
Net profit	-	-	-	-	554,202	554,202	-	-	554,202
Other comprehensive income	-	-	-	-	1,821	1,821	29,949	-	31,770
Total comprehensive income	-	-	-	-	556,023	556,023	29,949	-	585,972
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	45,710	-	(45,710)	-	-	-	-
Special reserve	-	-	-	25,841	(25,841)	-	-	-	-
Cash dividends	-	-	-	-	(304,773)	(304,773)	-	-	(304,773)
Compensation cost of treasury shares transferred to employees	-	3,487	-	-	-	-	-	-	3,487
Treasury shares transferred to employees	-	(394)	-	-	-	-	-	36,366	35,972
New share issued through employees' profit sharing bonus	2,312	17,688	-	-	-	-	-	-	20,000
Balance at December 31, 2022	**$ 671,523**	**791,658**	**222,379**	**107,053**	**1,120,005**	**1,449,437**	**(77,104)**	**(37,134)**	**2,798,380**

See accompanying notes to financial statements.

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 633,133	515,132
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	83,582	80,173
Amortization expense	12,900	8,163
Reversal of expected credit loss provision	(2,089)	(2,861)
Interest expense	6,789	4,890
Interest income	(5,235)	(8,293)
Compensation cost arising from share－based payments	3,487	-
Loss on disposal of property, plant and equipment	878	1,672
Gain on disposal of investments	(2,959)	-
Loss on lease modification	-	244
Rent concession	(266)	-
Other	106	-
Total adjustments to reconcile profit	97,193	83,988
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in current contract assets	5,045	19,342
Increase in notes and accounts receivable, net	(243,693)	(662,059)
Increase in accounts receivable－related parties	(17,564)	(21,317)
Decrease (increase) in other receivables	1,662	(285)
Increase in prepayments	(2,478)	(1,596)
Decrease (increase) in other current assets	26	(723)
Total changes in operating assets	(257,002)	(666,638)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	1,209	(4,827)
Decrease in accounts payable	(16,621)	(8,242)
Increase in other payables	165,824	224,233
Decrease in other payables－related parties	(175)	(243)
Increase in other current liabilities	19,526	5,701
(Decrease) increase in net defined benefit liability	(563)	571
Total changes in operating liabilities	169,200	217,193
Net changes in operating assets and liabilities	(87,802)	(449,445)
Total changes in operating assets and liabilities	9,391	(365,457)
Cash generated from operations	642,524	149,675
Interest received	5,214	8,294
Interest paid	(6,736)	(4,853)
Income taxes paid	(75,189)	(100,437)
Net cash flows from operating activities	565,813	52,679
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(18,885)	(59,796)
Proceeds from disposal of property, plant and equipment	515	299
Increase in refundable deposits	(1,506)	(5,024)
Acquisition of intangible assets	(7,323)	(14,835)
Net cash used in investing activities	(27,199)	(79,356)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	2,527,501	360,299
Repayments of short-term loans	(2,477,446)	(252,965)
Repayments of long-term loans	(8,486)	(7,932)
Repayments of the principal portion of lease liabilities	(29,292)	(26,791)
Cash dividends paid	(304,773)	(328,752)
Treasury shares transferred to employees	35,972	-
Net cash used in financing activities	(256,524)	(256,141)
Effect of exchange rate changes on cash and cash equivalents	25,480	(15,239)
Net increase (decrease) in cash and cash equivalents	307,570	(298,057)
Cash and cash equivalents at beginning of year	877,245	1,175,302
Cash and cash equivalents at end of year	$ **1,184,815**	**877,245**

See accompanying notes to financial statements.

(1) Company history

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

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

The consolidated financial statements for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 6, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

(i) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to recognize both equal amounts of its deferred income tax assets and deferred income tax liabilities. The Group estimated the application of the amendements, resulting in both its defferred tax assets and defferred tax liabilities to increase by $8,716 and $6,559 on January 1 and December 31, 2022, respectively.

(Continued)

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

These consolidate financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the net defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets, and the effect of the asset ceiling explained in Note 4(o), the consolidated financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the Group operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Major operations	Location	Percentage of ownership 2022.12.31	Percentage of ownership 2021.12.31	Notes
The Company	Wistron Information Technology and Services Inc. (WIBI)	Professional investment enterprise	B.V.I	100.00 %	100.00 %	
	Wistron Information Technology and Services Limited (WIHK)	Research, develop, design of software, and IT consulting, service	Hong Kong	100.00 %	100.00 %	
	Wistron Information Technology and Services (Japan) Inc. (WIJP)	Research, develop, design of software, and IT consulting, service	Japan	100.00 %	100.00 %	
	WITS AMERICA, CORP. (WIUS)	Research, develop, design of software, and IT consulting, service	America	100.00 %	100.00 %	
	WITS Taiwan, Inc. (WISS)	Research, develop, design of software, and IT consulting, service	Taiwan	100.00 %	100.00 %	(Note 1)
WIBI	Shanghai Booster Technologies Company Limited (QT)	Research, develop, design of software, and IT consulting, service	China	-	100.00 %	(Note 2)
	Wistron ITS (Hong Kong) Limited (WIHH)	Professional investment enterprise	Hong Kong	100.00 %	100.00 %	
WIHH	Wistron Information Technolgy and Service (Beijing) Inc. (WIBJ)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	(Note 3)
WIBJ	Beijing Enovation Technology Co. Ltd. (WIYC)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	
	Wistron ITS (Wuhan) Co. (WIWZ)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	
WIWZ	Wistron ITS (Hangzhou) Ltd. (WIHZ)	Research, develop, design of software, and IT consulting, service	China	100.00 %	100.00 %	(Note 4)

(Note 1) The company was set up in the 4th quarter of 2021.

(Note 2) The company cancelled the registration in the 4th quarter of 2021, and completed the liquidation process in January 2022.

(Note 3) The Company increased investment in WIBJ, one of subsidiaries in Mainland China, by USD 11,000,000 through WIBI, a subsidiary established in a third region (WIBI), wherein the investment had been authorized by Investment Commission, MOEA. However, the Company restructured the investment through WIHH acquiring 100% shareholdings in WIBJ via stock exchange from WIBI in the 3rd quarter of 2021.

(Note 4) The capital has not been injected at December 31, 2021 until February, 2022.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates of the reporting date. The income and expenses of foreign operations are translated into NTD at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(Continued)

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable is initially recognized when it is originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost or fair value through other comprehensive income-equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and guarantee deposit), and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

2) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

(Continued)

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures： 5 to 50 years

2) Computers and other equipment： 1 to 6 years

3) Transportation equipment： 5 years

4) Office equipment： 5 to 6 years

5) Lease improvements： 1 to 10 years

6) Lease equipment： 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment on whether it will exercise an option to purchase the underlying asset; or

4) there is a change in the assessment on lease term as to whether it will exercise an extension or terminated option; or

5) there are any lease modifications to the assets, scope and other terms of the lease.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(j) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- Computer software 1~6 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contract assets, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

(i) IT Consulting and Outsourcing services

The Group provides IT consulting and outsourcing services. Revenue is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

Some contracts include multiple deliverables, such as system development and maintenance service. In most cases, an integration service is not included, and the transaction price will be allocated based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(Continued)

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) Government grants

In accordance with IAS No. 20 “Accounting for Government Grants and Disclosure of Government Assistance”, the Group recognizes government grants when there is reasonable assurance that the Group will follow the conditions and the grant will be received. The Group recognizes government grants in profit or loss according to a reasonable and systematic method to match its related costs during the period.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

Grant date of the share-based payment award is the date the Group inform their employees about the exercise price and shares.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock option and employees' profit sharing bonus.

(s) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

(Continued)

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about critical judgments in applying the accounting policies that do not have significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic by valuation of notes and accounts receivable.

The Group has estimated the loss allowance of notes and accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the expected credit loss rate to be used in calculating the impairments.

However, in the face of future economic trends, the Group may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses.

The allowance loss for notes and accounts receivable please refer to Note 6(b).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 349	403
Demand and checking deposits	1,021,014	876,842
Time deposits	163,452	-
Cash and cash equivalents in the consolidated statement of cash flows	**$ 1,184,815**	**877,245**

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

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

	December 31, 2022	December 31, 2021
Notes receivable	$ 54,501	55,723
Accounts receivable	2,340,184	2,064,319
Accounts receivable-related parties	55,725	38,159
Less: Loss allowance	(25,657)	(27,142)
	$ 2,424,753	**2,131,059**

(Continued)

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

The loss allowance provision was determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Lifetime expected credit loss allowance**
Not overdue	$ 1,968,229	0~2.619%	3,648
Overdue within 30 days	234,120	0~7.893%	3,059
Overdue 31~120 days	224,642	0~25.648%	7,894
Overdue 121~180 days	13,036	0~100%	1,652
Overdue 181~365 days	8,628	0~100%	7,649
Overdue more than 365 days	1,755	100%	1,755
	$ 2,450,410		**25,657**

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Lifetime expected credit loss allowance**
Not overdue	$ 1,659,674	0~100%	3,992
Overdue within 30 days	197,963	0~0.757%	2,844
Overdue 31~120 days	248,723	0~100%	6,807
Overdue 121~180 days	31,976	0~100%	5,010
Overdue 181~365 days	19,286	0~100%	7,910
Overdue more than 365 days	579	100%	579
	$ 2,158,201		**27,142**

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

	2022	**2021**
Balance as of January 1	$ 27,142	30,093
Impairment losses reversed	(1,938)	(2,281)
Effect of changes in foreign exchange rate	453	(670)
Balance as of December 31	**$ 25,657**	**27,142**

As of December 31, 2022 and 2021, the notes and accounts receivable were not discounted and pledged.

(Continued)

(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	Lease equipment	Construction in progress and testing equipment	Total
Cost：									
Balance as of January 1, 2022	$ 190,856	570,798	120,576	3,947	49,159	39,216	-	779	975,331
Additions	-	-	18,220	-	665	-	-	-	18,885
Reclassification	-	-	-	-	795	-	-	(795)	-
Disposals	-	-	(5,793)	-	(713)	(3,015)	-	-	(9,521)
Effect of changes in foreign exchange rates	-	4,138	1,354	65	597	835	-	16	7,005
Balance as of December 31, 2022	$ **190,856**	**574,936**	**134,357**	**4,012**	**50,503**	**37,036**	**-**	**-**	**991,700**
Balance as of January 1, 2021	$ 185,913	561,994	97,797	-	48,463	39,308	504	856	934,835
Additions	4,943	10,004	28,787	3,940	2,690	9,432	-	-	59,796
Reclassification (Note)	-	-	-	-	-	-	-	(73)	(73)
Disposals	-	-	(5,139)	-	(1,462)	(8,201)	(504)	-	(15,306)
Effect of changes in foreign exchange rates	-	(1,200)	(869)	7	(532)	(1,323)	-	(4)	(3,921)
Balance as of December 31, 2021	$ **190,856**	**570,798**	**120,576**	**3,947**	**49,159**	**39,216**	**-**	**779**	**975,331**
Accumulated depreciation：									
Balance as of January 1, 2022	$ -	43,573	73,817	592	21,332	22,164	-	-	161,478
Depreciation	-	18,504	22,199	805	8,541	4,216	-	-	54,265
Disposals	-	-	(5,256)	-	(389)	(2,483)	-	-	(8,128)
Effect of changes in foreign exchange rates	-	310	758	7	214	706	-	-	1,995
Balance as of December 31, 2022	$ **-**	**62,387**	**91,518**	**1,404**	**29,698**	**24,603**	**-**	**-**	**209,610**
Balance as of January 1, 2021	$ -	25,367	58,877	-	13,998	25,588	504	-	124,334
Depreciation	-	18,248	20,201	591	8,509	4,602	-	-	52,151
Disposals	-	-	(4,703)	-	(941)	(7,187)	(504)	-	(13,335)
Effect of changes in foreign exchange rates	-	(42)	(558)	1	(234)	(839)	-	-	(1,672)
Balance as of December 31, 2021	$ **-**	**43,573**	**73,817**	**592**	**21,332**	**22,164**	**-**	**-**	**161,478**
Carrying value：									
Balance as of December 31, 2022	$ **190,856**	**512,549**	**42,839**	**2,608**	**20,805**	**12,433**	**-**	**-**	**782,090**
Balance as of December 31, 2021	$ **190,856**	**527,225**	**46,759**	**3,355**	**27,827**	**17,052**	**-**	**779**	**813,853**
Balance as of January 1, 2021	$ **185,913**	**536,627**	**38,920**	**-**	**34,465**	**13,720**	**-**	**856**	**810,501**

Note: Reclassifications are mainly transferring to prepayments.

As of December 31, 2022 and 2021, the property, plant and equipment were pledged, please refer to Note 8.

(d) Right-of-use assets

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

		Buildings and structures	Transportation equipment	Total
Cost:				
Balance as of January 1, 2022	$	88,614	1,323	89,937
Additions		6,765	1,355	8,120
Disposals		(9,358)	(1,323)	(10,681)
Effect of changes in foreign exchange rates		629	-	629
Balance as of December 31, 2022	**$**	**86,650**	**1,355**	**88,005**
Balance as January 1, 2021	$	85,268	1,603	86,871
Depreciation		33,347	-	33,347
Disposals		(20,911)	(278)	(21,189)
Effect of changes in foreign exchange rates		(9,090)	(2)	(9,092)
Balance as of December 31, 2021	**$**	**88,614**	**1,323**	**89,937**
Accumulated depreciation:				
Balance as of January 1, 2022	$	31,168	1,029	32,197
Depreciation		28,872	445	29,317
Disposals		(9,282)	(1,323)	(10,605)
Effect of changes in foreign exchange rates		(59)	-	(59)
Balance as of December 31, 2022	**$**	**50,699**	**151**	**50,850**
Balance as of January 1, 2021	$	31,790	781	32,571
Depreciation		27,495	527	28,022
Disposals		(20,083)	(278)	(20,361)
Effect of changes in foreign exchange rates		(8,034)	(1)	(8,035)
Balance as of December 31, 2021	**$**	**31,168**	**1,029**	**32,197**
Carrying amount:				
Balance as of December 31, 2022	**$**	**35,951**	**1,204**	**37,155**
Balance as of December 31, 2021	**$**	**57,446**	**294**	**57,740**
Balance as of January 1, 2021	**$**	**53,478**	**822**	**54,300**

(Continued)

(e) Intangible assets

(i) The movements in intangible assets were as follows:

		Software	Goodwill	Total
Cost:				
Balance as of January 1, 2022	$	72,387	16,889	89,276
Additions		7,323	-	7,323
Disposals		(18,943)	-	(18,943)
Effect of changes in foreign exchange rates		318	(721)	(403)
Balance as of December 31, 2022	**$**	**61,085**	**16,168**	**77,253**
Balance as of January 1, 2021	$	55,909	19,349	75,258
Additions		14,835	-	14,835
Reclassification (Note)		1,936	-	1,936
Effect of changes in foreign exchange rates		(293)	(2,460)	(2,753)
Balance as of December 31, 2021	**$**	**72,387**	**16,889**	**89,276**
Accumulated amortization:				
Balance as of January 1, 2022	$	50,361	-	50,361
Amortization		12,900	-	12,900
Disposals		(18,943)	-	(18,943)
Effect of changes in foreign exchange rates		161	-	161
Balance as of December 31, 2022	**$**	**44,479**	**-**	**44,479**
Balance as of January 1, 2021	$	42,388	-	42,388
Amortization		8,163	-	8,163
Effect of changes in foreign exchange rates		(190)	-	(190)
Balance as of December 31, 2021	**$**	**50,361**	**-**	**50,361**
Carrying value:				
Balance as of December 31, 2022	**$**	**16,606**	**16,168**	**32,774**
Balance as of December 31, 2021	**$**	**22,026**	**16,889**	**38,915**
Balance as of January 1, 2021	**$**	**13,521**	**19,349**	**32,870**

Note: Other non-current assets-prepayment for equipment were reclassified intangible assets.

(ii) For the years ended December 31, 2022 and 2021, the amortization of intangible assets is included in the cost of sales and operating expenses in the statement of comprehensive income.

(iii) Impairment testing for goodwill

Goodwill arising from the acquisition of Adcreation Co., Ltd on October 1, 2011, and merged into Osaka sector. The amount of goodwill was JPY 70,081 thousand, mainly comes from the existing customers of Adcreation Co., Ltd will bring the benefits from the growth of revenue in Japan. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units, that are expected to benefit from the synergies of the combination. Osaka sector itself is a separate cash-generating unit that can generate independent cash inflows; therefore, goodwill is tested for impairment by comparing the recoverable amount of Osaka sector with its carrying amount to determine whether an impairment loss should be recognized.

The Equity Value Analysis Report issued by an expert engaged by the Group had been prepared based on Adcreation Co., Ltd's financial forecast covering 2012 to 2016. The projection of operating revenue over the forecast period was made based on the sales plan forecast. Therefore, the consolidated financial statements mainly evaluate and illustrate whether the actual operating revenue achieves the forecast operating revenue for the years ended December 31, 2022 and 2021.

According to the impairment test results of the Group, the recoverable amount determined based on a value in use for the cash-generating unit is greater than the carrying amount. Therefore, no impairment loss should be recognized.

The recoverable amount had been determined based on a value in use for the cash-generating unit. The key assumptions used in the estimation were as follows:

1) The future cash flow was based on the financial budget for the next 5 years which was approved by the management. For the future cash flow farther than 5 years in the future, the estimated growth rate is 0%.

2) For the estimate of profit before tax, interest and amortization during the financial budget period, was based on expectation of future operations, considering past experience, to adjusted for the anticipated revenue growth. Revenue growth was projected considering the average growth levels experienced over the past years, and the estimated project volume and price growth for the next five years. The sales price for the next five years is assumed to be slightly higher than the expected inflation rate increase.

3) The Group estimated the discount rate before tax based on the weighted average cost of capital. The discount rate before tax for the recoverable amount was as follows:

	December 31, 2022	**December 31, 2021**
Discount rate	26.47 %	25.36 %

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

(i) Other current assets

		December 31, 2022	December 31, 2021
Refundable deposits	$	15,810	18,783
Temporary payment		1,608	1,618
	$	**17,418**	**20,401**

For the years ended December 31, 2022 and 2021, the other current assets were not pledged.

(ii) Other non-current assets

		December 31, 2022	December 31, 2021
Refundable deposits	$	18,440	13,544
Prepayment for equipment		-	104
	$	**18,440**	**13,648**

For the years ended December 31, 2022 and 2021, the other non-current assets were pledged, please refer to Note 8.

(g) Bank loans

(i) Short-term loans

	December 31, 2022				
	Currency	**Interest rate collar**	**Expiration year**		**Amount**
Unsecured bank loans	NTD	1.725%	2023	$	150,000
Unsecured bank loans	JPY	0.80%	2023		8,075
Total				**$**	**158,075**
Unused bank credit lines				**$**	**1,796,727**

	December 31, 2021				
	Currency	**Interest rate collar**	**Expiration year**		**Amount**
Unsecured bank loans	NTD	0.51%	2022	$	100,000
Unsecured bank loans	JPY	0.70%	2022		7,230
Total				**$**	**107,230**
Unused bank credit lines				**$**	**1,994,485**

(Continued)

(ii) Long-term loans

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

	December 31, 2021		
	CNY (thousand)	**Expiration**	**Amount**
Secured bank loans	$ 14,676	2022.1~2028.10	63,817
Less: current portion	(1,903)		(8,274)
	$ 12,773		**55,543**
Unused bank credit lines	**$ -**		**-**
Range of interest rates			**4.00%**

As December 31, 2022, the details of the future repayment period of the long-term loans were as follows:

Period	**Amount**
Within one year	$ 8,814
Between one and five years	38,946
Over five years	8,648
	$ 56,408

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

(h) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	**December 31, 2021**
Current	**$ 23,867**	**26,453**
Non-current	**$ 9,128**	**27,417**

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

The amount recognized in profit or loss were as follows:

	2022	2021
Interest expenses on lease liabilities	$ 1,674	1,771
Expenses relating to short-term leases	$ 10,140	13,035
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$ 11,655	10,954
COVID-19 related rent concessions (recognized as deduction of rent expense)	$ (266)	-

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

	2022	2021
Total cash outflow for leases	$ 52,495	52,551

(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.

(i) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 41,788	42,487
Fair value of plan assets	(28,999)	(27,314)
Net defined benefit liabilities	$ 12,789	15,173

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary prior to six months of retirement.

(Continued)

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to 28,999 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements at present value of the defined benefit obligations

For the years ended December 31, 2022 and 2021, the movements at the present value of the defined benefit obligations for the Group were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 42,487	43,650
Current service costs and interest cost	1,466	1,183
Remeasurements of the net defined benefit liability:		
－Actuarial loss (gain) arising from experience adjustments	376	(1,129)
Benefits paid from plan assets	(1,129)	(1,217)
Benefits paid directly by the Group	(1,412)	-
Defined benefit obligations at December 31	**$ 41,788**	**42,487**

3) Movements at fair value of the defined benefit plan assets

For the years ended December 31, 2022 and 2021, the movements at fair value of the defined benefit plan assets for the Group were as follows:

	2022	2021
Fair value of plan assets at January 1	$ 27,314	27,585
Expected return on plan assets	159	162
Remeasurements of the net defined benefit liability:		
－Return on plan assets	2,197	334
Amounts contributed to plan	458	450
Benefits paid from plan assets	(1,129)	(1,217)
Fair value of plan assets at December 31	**$ 28,999**	**27,314**

(Continued)

4) Expenses recognized in profit or loss

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

	2022	2021
Current service costs	$ 1,213	922
Interest cost	253	261
Expected return on plan assets	(159)	(162)
	$ 1,307	**1,021**

	2022	2021
Cost of sales	$ 670	227
Selling expenses	116	40
Administration expenses	521	754
	$ 1,307	**1,021**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

For the years ended December 31, 2022 and 2021, the remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

	2022	2021
Accumulated amount at January 1	$ 5,696	7,159
Recognized during the period	(1,821)	(1,463)
Accumulated amount at December 31	**$ 3,875**	**5,696**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary increase rate	4.000 %	3.000 %

Expected contribution to the defined benefit pension plan of the Group for the one-year period after the reporting date is $463. The weighted average lifetime of the defined benefit plans is 15.64 years.

(Continued)

7) Sensitivity analysis

As of December 31, 2022, and 2021, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increase	**Decreas**
December 31, 2022		
Discount rate (0.25%)	$ (1,103)	1,148
Future salary increase rate (0.25%)	1,099	(1,066)
December 31, 2021		
Discount rate (0.25%)	(1,108)	1,148
Future salary increase rate (0.25%)	1,103	(1,069)

There is no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The foreign entities of the Group are in accordance with local regulations and are recognized as pension.

The Group set aside $352,644 and $261,905 of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2022 and 2021, respectively.

(j) Income tax

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	2022	**2021**
Current tax expense	$ 99,289	69,843
Deferred tax benefit	(20,358)	(10,345)
Income tax expense	**$ 78,931**	**59,498**

(Continued)

There is no income tax recognized directly in equity or other comprehensive income for the years ended December 31, 2022 and 2021.

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Profit before tax	$ 633,133	515,132
Estimated income tax calculated using the Company's domestic tax rate	126,627	103,026
Effect of tax rates in foreign jurisdiction	(2,415)	(47)
Prior-period tax adjustments	7,076	(5,062)
Additional tax on undistributed earnings	3,425	5,264
Change in unrecognized temporary differences	(21,089)	(13,597)
Deduction of research expenses	(39,595)	(36,190)
Others	4,902	6,104
	$ 78,931	**59,498**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 1,770,092**	**1,389,653**
Unrecognized deferred tax liabilities	**$ 354,019**	**277,931**

2) Unrecognized deferred tax assets

	December 31, 2022	December 31, 2021
The carryforward of unused tax losses	**$ 1,588**	**2,048**

According to the Income Tax Act, the operating loss as examined and assessed by the local tax authorities can be carried forward for use as a deduction from taxable income over a period of prior years. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2022 ,the information of the Group's unutilized business losses for which no deferred tax assets were recognized was as follows:

Years of loss	Unutilized business loss	Expiry year
2021	$ 1,588	2026

3) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Accrued expense	Loss allowance	Provisions	Others	Total
Deferred tax assets:					
Balance as of January 1, 2022	$ 8,423	7,290	-	4,476	20,189
Recognized in profit or loss	11,357	308	1,386	1,385	14,436
Balance as of December 31, 2022	**$ 19,780**	**7,598**	**1,386**	**5,861**	**34,625**
Balance as of January 1, 2021	$ 5,686	10,310	-	6,479	22,475
Recognized in profit or loss	2,737	(3,020)	-	(2,003)	(2,286)
Balance as of December 31, 2021	**$ 8,423**	**7,290**	**-**	**4,476**	**20,189**

	Recognized share of gain of subsidiaries accounted for equity method	Unearned revenue	Others	Total
Deferred tax liabilities:				
Balance as of January 1, 2022	$ 62,715	17,961	6,571	87,247
Recognized in profit or loss	673	(6,353)	(242)	(5,922)
Balance as of December 31, 2022	**$ 63,388**	**11,608**	**6,329**	**81,325**
Balance as of January 1, 2021	$ 61,993	26,500	11,385	99,878
Recognized in profit or loss	722	(8,539)	(4,814)	(12,631)
Balance as of December 31, 2021	**$ 62,715**	**17,961**	**6,571**	**87,247**

(iii) The Company's corporate income tax returns for all years through 2020 were assessed by the local tax authorities.

(Continued)

(k) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized common stock were 120,000 thousand shares with a par value of NT$10 per share, amounting to $1,200,000, of which 67,152 thousand shares and 66,921 thousand shares, respectively, were issued. And the actual share capital amount were $671,523 and $669,211. All proceeds from shares issued have been collected.

Reconciliations of shares issued for the years ended December 31, 2022 and 2021 were as follows:

	Common stock (in thousands)	
	2022	**2021**
Balance as of January 1	66,921	66,708
New share issued through employees' profit sharing bonus	231	213
Balance as of December 31	**67,152**	**66,921**

(i) Common stock

On March 8, 2022, the Company's Board of Directors meeting approved a resolution to distribute the employees' profit sharing bonus amounting to $20,000, consisting of 231 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The base date of capital increase was resolved to be August 9, 2022, by the Board of Directors meeting. The relevant registration procedures had been completed.

On March 10, 2021, the Company's Board of Directors meeting approved a resolution to distribute the employees' profit sharing bonus amounting to $20,000, consisting of 213 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The base date of capital increase was resolved to be May 24, 2021, by the Board of Directors meeting. The relevant registration procedures had been completed.

(ii) Capital surplus

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

	December 31, 2022	**December 31, 2021**
A premium issuance of common shares for cash	$ 765,335	747,647
Transaction of treasury shares	26,297	23,204
Earnings from donated assets received	26	26
	$ 791,658	**770,877**

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

(Continued)

On March 8, 2022 and March 10, 2021, the Company's Board of Directors meeting approved a resolution to distribute employees' profit sharing bonus consisting of 231 thousand shares and 213 thousand shares. The amount of stock premium was $17,688 and $17,872, respectively.

(iii) Retained earning

The Company's Articles 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 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.

1) Legal reserve

When a company incurs no loss, the meeting of shareholders may decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reverse

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2021 and 2020 had been approved by the shareholders' meeting held on May 26, 2022 and July 23, 2021, respectively. The appropriations and dividends were as follows:

	2021	2020
Common stock dividends		
Cash	$ 304,773	328,752

(Continued)

4) Treasury shares

a) The Company repurchased 958 thousand shares of its own common stock as treasury shares, at the amount of $73,500, in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. The repurchased period was from March 30 to May 29, 2020. Out of the 958 thousand shares mentioned above, 474 thousand shares and 0 thousand shares were transferred to its employees, resulting in the Company to hold the remaining 484 thousand shares and 958 thousand shares as of December 31, 2022 and 2021, respectively. In addition, the employee remuneration expense of $3,487, including that of its subsidiaries amounting to $1,325, had been recognized in 2022.

b) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(iv) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2022	$ (107,053)
Foreign currency translation differences	29,949
Balance as of December 31, 2022	**$ (77,104)**
Balance as of January 1, 2021	$ (81,212)
Foreign currency transaction differences	(25,841)
Balance as of December 31, 2021	**$ (107,053)**

(l) Earnings per share ("EPS")

(i) Basic earnings per share

	2022	2021
Net profit belonging to common shareholders	**$ 554,202**	**455,634**
Weighted average common stock outstanding (in thousands shares)	**66,539**	**65,923**
Basic earnings per share (in dollars)	**$ 8.33**	**6.91**

(ii) Diluted earnings per share

	2022	2021
Net profit belonging to common shareholders	$ 554,202	455,634
Weighted average common stock outstanding (in thousands shares)	66,539	65,923
Effect of potentially dilutive common stock (in thousands shares)		
Employees' profit sharing bonus	915	551
Employees' profit sharing bonus of subsidiaries	213	210
Weighted average number of common stock (diluted) (in thousands shares)	67,667	66,684
Diluted earnings per share (in dollars)	$ 8.19	6.83

(m) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Primary geographical markets:		
China	$ 5,321,838	3,869,916
Taiwan	1,355,580	1,015,575
Japan	701,408	710,446
Others	570,060	581,883
	$ 7,948,886	6,177,820
Major products:		
IT service revenue	$ 7,948,886	6,177,820

(ii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 2,450,410	2,158,201	1,498,018
Less: loss allowance	(25,657)	(27,142)	(30,093)
	$ 2,424,753	2,131,059	1,467,925
Contract assets	$ 7,680	12,592	32,097
Less: loss allowance	(230)	(377)	(963)
	$ 7,450	12,215	31,134

(Continued)

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

	2022	2021
Balance as of January 1	$ 377	963
Impairment losses reversed	(151)	(580)
Effect of changes in foreign exchange rate	4	(6)
Balance as of December 31	**$ 230**	**377**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	**$ 15,852**	**14,665**	**20,151**

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 years ended December 31, 2022 and 2021 that was included in the contract liabilities balance at the beginning of the year was $12,543 and $14,585, 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.

(n) 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 not less than 10% of annual profit as employee's 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 not more than 2% of annual profit as the remuneration to directors in cash.

The Company's estimated of employees' and directors' remuneration were as follows:

	2022	2021
Employee's remuneration	$ 83,250	57,120
Directors' remuneration	9,250	11,100
	$ 92,500	**68,220**

(Continued)

The amounts are calculated by the net profit before tax excluding employees' and directors' remuneration, of each year 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 2022 and 2021. 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 amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021.

(o) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income	$ 5,235	8,293

(ii) Other income

	2022	2021
Government grants	$ 66,632	53,118

(iii) Other gains and losses

	2022	2021
Foreign exchange gains (losses), net	$ 8,022	(4,289)
Losses on disposals of property, plant and equipment, net	(878)	(1,672)
Compensation losses	(6,929)	-
Reversal of bad debt loss	-	2,866
Gains on disposal of investment	2,959	-
Losses on lease modification	-	(244)
Others	2,064	2,133
	$ 5,238	(1,206)

(iv) Finance costs

	2022	2021
Interest expenses	$ (6,789)	(4,890)

(Continued)

(p) Financial instruments

(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) Concentration of credit risk

Accounts receivable were incurred from several customers and regional distributions which were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continually evaluates each customer's financial situation, normally without a request for collateral.

The Group regularly assesses the possibility of recovering accounts receivable and provides appropriate allowance for impairment losses within the management's expectations. The Group periodically evaluates its customers' financial position and the possibility of recovery of receivables. Therefore, the Group assesses that credit risk can be reduced.

3) Receivables and contract assets 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(m).

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
As of December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	$	158,075	158,191	158,191	-	-
Accounts payable		77,865	77,865	77,865	-	-
Other payables (including related parties)		1,221,283	1,221,283	1,221,283	-	-
Lease liabilities (current and non-current)		32,995	34,013	24,564	6,654	2,795
Long-term loans (including current portion)		56,408	63,200	10,881	10,881	41,438
	$	**1,546,626**	**1,554,552**	**1,492,784**	**17,535**	**44,233**
As of December 31, 2021						
Non-derivative financial liabilities						
Short-term loans	$	107,230	107,345	107,345	-	-
Accounts payable		94,687	94,687	94,687	-	-
Other payables (including related parties)		1,048,174	1,048,174	1,048,174	-	-
Lease liabilities (current and non-current)		53,870	56,258	28,012	21,089	7,157
Long-term loans (including current portion)		63,817	73,137	10,704	10,703	51,730
	$	**1,367,778**	**1,379,601**	**1,288,922**	**31,792**	**58,887**

(Continued)

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

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2022				December 31, 2021			
	Foreign currency (in thousands)	Exchange rate		NTD	Foreign currency (in thousands)	Exchange rate		NTD
Financial assets								
Monetary items								
USD	$ 450	USD/TWD	30.708	13,805	142	USD/TWD	27.690	3,922
CNY	5,019	CNY/HKD	1.1223	22,185	3,902	CNY/HKD	1.2246	16,966
JPY	36,160	JPY/HKD	0.0586	8,343	65,608	JPY/HKD	0.0679	15,811
JPY	9,060	JPY/CNY	0.0522	2,090	7,015	JPY/CNY	0.0554	1,690
USD	2,922	USD/HKD	7.7975	89,723	2,522	USD/HKD	7.7985	69,834
Financial Liabilities								
Monetary items								
USD	254	USD/HKD	7.7975	7,800	305	USD/HKD	7.7985	8,488
CNY	6,000	CNY/HKD	1.1223	26,520	8,602	CNY/HKD	1.2246	37,402
JPY	35,979	JPY/HKD	0.0586	8,301	31,205	JPY/HKD	0.0679	7,520

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 weakening or strengthening 5% of the NTD against the USD, CNY and JPY for the years ended December 31, 2022 and 2021 would have increased (decreased) the net profit after tax by $4,654 and $2,714, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss), including realized and unrealized portions, amounted to $8,022 and $(4,289), respectively.

(Continued)

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding 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 $2,064 and $638 for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(v) Fair value information - Categories and fair values of financial instruments

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.

(q) Management of financial risk

(i) Overview

The Group is exposed to the extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about the Group's objectives, policies and processes for measuring and managing the above mentioned risks was listed below. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

Risk management policies are approved by the Board of Directors and is executed by the Group's financial department. For financial risks arising from operation management, the financial department is accountable for recognizing, evaluating and planning the hedge methods through cooperating with other operating units. The Board of Directors develops and documents risk policies which cover specific risk exposures such as currency risk and derivative financial instrument risk to ensure the hedge tools are performed properly and effectively.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet it contractual obligations that arises principally from the Group's accounts receivable.

1) Accounts receivable

The Group's credit risk exposures are influenced mainly by each customer. According to the Group's credit policy, the credit rating of individual customers must be analyzed before the payment terms and credit limit are given. The Group continues to evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group set up the allowance for doubtful accounts to reflect the expected credit loss of notes and accounts receivable.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions and companies, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

The Group only provides endorsement or guarantee for the companies defined in its policy - “Procedures Governing Endorsements and Guarantees”. The Group did not provide guarantees as of December 31, 2022 and 2021.

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

In addition, As of December 31, 2022 and 2021, the Group has unused credit facilities for bank loans of \$1,796,727 and \$1,994,485, respectively.

(Continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are denominated in NTD, CNY, USD, EUR, JPY and HKD.

The Group collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information and determine the exchange rate appropriately for securing the currency risk.

2) Interest risk

The Group adopts a policy of ensuring that will not suffer from high risk and stable interest rate when the rate change significantly. The Group neither has fixed-interest financial liabilities at fair value through profit nor uses derivative financial instruments to hedge debt. Therefore, changes in interest rates on the reporting date do not have a significant impact on profit or loss.

To reduce the exposure to interest rate risk, the choice of a variable interest rate or a fixed interest rate was based on the Group's evaluation of the global economic environment and the trend in market interest rates. The Group maintains an appropriate proportion of the fixed and variable interest rate instruments to mitigate the interest rate risk.

3) Other market price risk

The Group monitor the risk arising from its security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitor the combination of investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(r) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, issue new shares, or sell assets to settle any liabilities. The Group uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital.

(Continued)

The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 1,763,378	1,559,745
Less: cash and cash equivalents	(1,184,815)	(877,245)
Net debt	**$ 578,563**	**682,500**
Total equity	$ 2,798,380	2,457,722
Adjustment	-	-
Total capital	**$ 2,798,380**	**2,457,722**
Debt-to-equity ratio	**20.67 %**	**27.77 %**

As of December 31, 2022, there were no changes in the Group's approach to capital management.

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

Reconciliations of liabilities arising from financing activities in the years ended December 31, 2022 and 2021 were as follows:

		Cash flows		Non-cash changes		
	January 1, 2022	**Cash flows**	**Repayments of long-term debt and lease liabilities**	**Others**	**Effect of changes in foreign exchange rate**	**December 31, 2022**
Short-term loans	$ 107,230	2,527,501	(2,477,446)	-	790	158,075
Long-term loans (including current portion)	63,817	-	(8,486)	-	1,077	56,408
Lease liabilities (current and non-current)	53,870	-	(29,292)	7,778	639	32,995
	$ 224,917	**2,527,501**	**(2,515,224)**	**7,778**	**2,506**	**247,478**

		Cash flows		Non-cash changes		
	January 1, 2021	**Cash flows**	**Repayments of long-term debt and lease liabilities**	**Others**	**Effect of changes in foreign exchange rate**	**December 31, 2021**
Short-term loans	$ -	360,299	(252,965)	-	(104)	107,230
Long-term loans (including current portion)	72,107	-	(7,932)	-	(358)	63,817
Lease liabilities (current and non-current)	48,871	-	(26,791)	32,763	(973)	53,870
	$ 120,978	**360,299**	**(287,688)**	**32,763**	**(1,435)**	**224,917**

(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
Wiwynn Corporation (Wiwynn)	Other related party
Winynn Technology Service Kun Shan, Ltd. (WYKS)	Other related party
WiAdance Technology Corporation (AGI)	Other related party
Wistron NeWeb Corporation (WNC)	Other related party
Wiedu Corporation (WETW)	Other related party
Changing Information Technolgy Inc. (CGI)	Other related party
WiBASE Industrial Solutions Inc. (WIS)	Other related party

(b) Significant transactions with related parties

(i) Provide service to related parties

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

	Revenue		Accounts receivable -related parties	
	2022	2021	December 31, 2022	December 31, 2021
Entities with significant influence over the Group	$ 297,722	171,475	52,690	36,393
Other related parties	12,624	6,226	3,035	1,766
	$ 310,346	**177,701**	**55,725**	**38,159**

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) Contract liabilities

As of December 31, 2022 and 2021, the Group received $0 and $241 advance payment from the entity with significant influence over the Group which was recognized as current contract liabilities.

(iii) Property transaction

In 2022 and 2021, the Group purchased intangible assets from other related parties amounting to $44 (with tax) and $548, respectively, resulting in having no other payables from the above transaction for both years.

(iv) Other transactions

1) In 2022 and 2021, the entity with significant influence over the Group provided management services to the Group at the amounts of $0 and $120, resulting in other payables from the above transactions to be $0 and $126, respectively at the end of December 31.

2) In 2022 and 2021, other related parties provided management, system and miscellaneous services to the Group amounting to $262 and $56, resulting in other payables from the above transaction to be $21 and $70, respectively at the end of December 31.

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

	December 31, 2022	December 31, 2021
Receivables—related parties:		
Accounts receivable	**$ 55,725**	**38,159**
Payables—related parties:		
Other payables	**$ 21**	**196**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 78,074	72,211
Post-employment benefits	1,322	1,258
	$ 79,396	**73,469**

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Refundable deposits—other non-current assets	Performance guarantee and warranty	$ 578	-
Property, plant and equipment	Long-term loans (including current portions)	226,068	230,767
		$ 226,646	**230,767**

(Continued)

(9) Significant commitments and contingencies: None

(10) Losses due to major disasters: None.

(11) Subsequent events

(a) The appropriation of earnings of 2022 that was approved at the board of directors meeting on March 6, 2023, was as follows:

	2022
Common stock dividends	
Cash	$ 333,342

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022 Cost of sales	2022 Operating expenses	2022 Total	2021 Cost of sales	2021 Operating expenses	2021 Total
Employee benefits						
Salaries	4,903,496	767,668	5,671,164	3,559,069	646,877	4,205,946
Labor and health insurance	264,501	38,195	302,696	201,116	31,061	232,177
Pension	313,433	40,518	353,951	228,717	34,209	262,926
Others	54,778	13,158	67,936	47,591	18,639	66,230
Depreciation	10,604	72,978	83,582	10,920	69,253	80,173
Amortization	322	12,578	12,900	988	7,175	8,163

(13) Other disclosures

(a) Information on significant transactions

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 year ended December 31, 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Please refer to Table 1.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

(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 toTable 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) Major shareholders: Please refer to Table 6.

(14) Segment information

(a) General information and segment information

The Group have one reportable segment. This segment is mainly involved in the development and maintenance of the IT system, IT consulting and outsourcing services. The performance of the operating segment is consistent with the consolidated financial report. Revenue from external customers and segment profit or loss, please refer to consolidated statements of comprehensive income. The segment assets, please refer to the consolidated balance sheets.

(b) Corporate Information

(i) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(Continued)

Geographical information		**2022**	**2021**
Revenue from external customers:			
China	$	5,321,838	3,869,916
Taiwan		1,355,580	1,015,575
Japan		701,408	710,446
Other countries		570,060	581,883
	$	**7,948,886**	**6,177,820**

		2022	**2021**
Non-current assets:			
China	$	314,453	359,657
Taiwan		510,585	521,086
Japan		25,685	27,276
Other countries		1,296	2,593
	$	**852,019**	**910,612**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets, excluding non-current financial instruments and deferred tax assets.

(c) Major customers

In 2022 and 2021, there is no amount of sales to customers representing greater than 10% of net revenue; therefore, information of major customers was not disclosured.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Guarantees and endorsements for other parties

December 31, 2022

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	Raito 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 povided to subsidiaries in Mainland China	Notes
		Name	Relationship with the Company (Note 2)											
0	The Company	WIWZ	2	1,399,190	705,980	692,548	-	-	24.75 %	2,798,380	Y	N	Y	-
0	The Company	WIBJ	2	1,399,190	90,240	88,400	-	-	3.16 %	2,798,380	Y	N	Y	-
0	The Company	WIUS	2	1,399,190	64,420	61,416	-	-	2.19 %	2,798,380	Y	N	N	-
0	The Company	WIHK	2	1,399,190	128,840	122,832	8,075	-	4.39 %	2,798,380	Y	N	N	-
0	The Company	WISS	2	1,399,190	145,000	145,000	12,472	-	5.18 %	2,798,380	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 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 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 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 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 by Certified Public Account. The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth, was audited or reviewed by Certified Public Accountant.

(Note 2):Relationship with the Company:

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

December 31, 2022

Table 2

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Notes
WIHK	WIUS	The same parent company	Sales	(139,330)	(30.42) %	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	47,247	55.40 %	(Note)
WIWZ	WIBJ	Parent - subsidiary company	Sales	(562,378)	(9.92) %	〃	〃	〃	17,680	1.01 %	〃
WIWZ	WIHK	The same parent company	Sales	(299,561)	(5.29) %	〃	〃	〃	26,520	1.52 %	〃
WIHK	WIWZ	The same parent company	Purchases	299,561	78.73 %	〃	〃	〃	(26,520)	(86.17) %	〃
WIBJ	WIWZ	Parent - subsidiary company	Purchases	562,378	99.84 %	〃	〃	〃	(17,680)	(98.33) %	〃
WIUS	WIHK	The same parent company	Purchases	139,330	77.24 %	〃	〃	〃	(47,247)	(94.88) %	〃

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Business relationships and significant intercompany transactions

December 31, 2022

Table 3

No. (Note 1)	Company Name	Related party	Nature of relationship (Note 2)	Transaction			
				Financial statements item (Note 3)	Amount	Trading conditions	Percentage of the consolidated net revenue or total assets (Note 4)
0	The Company	WIHK	1	Service Revenue	69,125	Not significantly different from the transactions of the third-parties	0.87%
1	WIJP	WIHK	3	〃	1,817	〃	0.02%
2	WIHK	WIJP	3	〃	81,459	〃	1.02%
2	WIHK	WIUS	3	〃	139,330	〃	1.75%
3	WIBJ	WIWZ	3	〃	70,971	〃	0.89%
4	WIYC	WIWZ	3	〃	9,459	〃	0.12%
5	WIWZ	WIBJ	3	〃	562,378	〃	7.07%
5	WIWZ	WIHK	3	〃	299,561	〃	3.77%
6	WIHZ	WIWZ	3	〃	170	〃	-%
0	The Company	WIHK	1	Accounts receivable-related parties	2,617	Not significantly different from the transactions of the third-parties	0.06%
1	WIJP	WIHK	3	〃	226	〃	-%
2	WIHK	WIJP	3	〃	6,728	〃	0.15%
2	WIHK	WIUS	3	〃	47,247	〃	1.04%
3	WIBJ	WIWZ	3	〃	7,655	〃	0.17%
4	WIYC	WIWZ	3	〃	1,468	〃	0.03%
5	WIWZ	WIBJ	3	〃	17,680	〃	0.39%
5	WIWZ	WIHK	3	〃	26,520	〃	0.58%
6	WIHZ	WIWZ	3	〃	169	〃	-%

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 inter - company transactions, as well as the purchase and accounts payable of counter - party.

Note 4: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investees (excluding information on investees in mainland China)

December 31, 2022

Table 4

Name of investor	Name of investee	Location	Major operations	Initial investment amount: Ending balance	Initial investment amount: Beginning balance	Ending balance: Shares	Ending balance: Ratio of shares	Ending balance: Book value	Highest percentage of shares during the period	Net income (losses) of the investee	Investment income (losses)	Notes
The Company	WIBI	B.V.I	Professional investment enterprise	294,184	294,184	180,000,000	100.00 %	2,233,144	100.00 %	341,119	341,119	(Note)
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00 %	146,211	100.00 %	25,109	25,109	〃
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00 %	65,091	100.00 %	14,211	14,211	〃
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00 %	31,558	100.00 %	3,504	3,504	〃
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00 %	5,912	100.00 %	929	929	〃
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00 %	2,232,934	100.00 %	338,032	338,032	〃

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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investment in Mainland China

December 31, 2022

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, 2022	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Direct/indirect Shareholding (%) by the Company	Highest percentage of shares during the period	Investment income (losses) (Notes 2、10)	Carrying amount as of December 31, 2022 (Notes 2、10)	Accumulated inward remittance of earnings as of December 31, 2022	Notes
QT	Research, develop, design of software, and information consulting service	4,445	(Note 1)1.	2,304	-	-	2,304	-	- %	- %	-	-	-	(Note 8)
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1)1.	169,420	-	-	169,420	338,096 (Note 3)	100.00 %	100.00 %	338,096 (Note 3)	2,230,139	-	(Note 9)
WIWZ	Research, develop, design of software, and information consulting service	667,314	(Note 1)2.	-	-	-	-	337,014 (Note 3)	100.00 %	100.00 %	337,014 (Note 3)	1,021,975	-	-
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1)2.	-	-	-	-	523 (Note 3)	100.00 %	100.00 %	523 (Note 3)	18,486	-	-
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1)2.	-	-	-	-	2 (Note 3)	100.00 %	100.00 %	2 (Note 3)	223	-	-

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Information on investment in Mainland China

December 31, 2022

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)(Note 6)(Note 7)(Note 8)	Upper Limit on Investment (Note 5)
218,990 (USD 7,131,356)	1,782,010 (USD 58,461,356)	1,679,028

Note 1：Ways to invest in Mainland China :

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

Note 2：The amount of the net income (losses) and the investee company carrying value as of December 31, 2022 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 audited by the Group's auditor.

Note 4：Translated using the ending rate on December 31, 2022, which was USD : NTD = 1 : 30.708.

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.

Note 7：The Company increased investment in WIBJ, one of the subsidiaries in Mainland China, by USD 11,000,000 through WIBI, a subsidiary established in a third region, wherein the investment had been authorized by Investment Commission, MOEA. However, the Company restructured the investment through WIHH acquiring 100% shareholdings in WIBJ via stock exchange from WIBI in the 3rd quarter of 2021.

Note 8：QT, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation in the 4th quarter of 2021. The said investment capital amounting to USD 2,778.40, which entitled the Company to a full ownership of the entity, had been remitted to WIBI in January 2022.

Note 9：As of December 31, 2022 and 2021, WIBJ increased its capital of CNY 88,113 thousand and CNY 188,000 thousand from retained earnings based on the resolutions approved during its board meetings held on January 12, 2022 and October 4, 2022, resulting in its share capital to increased from CNY 111,887 thousand to CNY 200,000 thousand and CNY 200,000 thousand to CNY 388,000 thousand, respectively.

Note 10：The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

3. Significant transactions：

For the year ended December 31, 2022, the significant transactions of the entities in China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION AND SUBSIDIARIES

Information on major shareholders

December 31, 2022

Table 6

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

Appendix 2: Parent Company Only Financial Statements of the Most Recent Year

安侯建業聯合會計師事務所
KPMG
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Independent Auditors' Report

To the Board of Directors of Wistron Information Technology and Services Corporation:

Opinion

We have audited the financial statements of Wistron Information Technology and Services Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of accounts receivable

Please refer to Note 4(f) "Financial Instruments" for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of accounts receivable and Note 6(b) for the disclosure of the valuation of accounts receivable to the parent company only financial statements.

Description of key audit matters

The Company engaged in the information technology service industry. Resulting in significant judgment being applied in the management's assessment of the recoverability of accounts receivable. Consequently, the valuation of accounts receivable is identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for accounts receivable was compliance with the Company's accounting policy; evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Ming-Hung Huang and Chia-Chien Tang.

KPMG

Taipei, Taiwan (The Republic of China)
March 6, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ audit report and the accompanying parent company only 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’ audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 136,048	4	116,631	4
1140	Current contract assets (note 6(n))	522	-	4,990	-
1170	Accounts receivable, net (notes 6(b) and (n))	288,137	8	267,568	9
1180	Accounts receivable—related parties, net (notes 6(b), (n) and 7)	58,342	2	38,115	1
1200	Other receivables	10	-	1	-
1210	Other receivables—related parties (note 7)	3,725	-	17	-
1410	Prepayments	2,501	-	1,563	-
1470	Other current assets (note 6(g))	2,380	-	3,646	-
	Total current assets	491,665	14	432,531	14
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(c))	2,481,916	71	2,050,770	68
1600	Property, plant and equipment (notes 6(d) and 7)	500,179	15	508,687	17
1755	Right-of-use assets (note 6(e))	1,714	-	1,110	-
1780	Intangible assets (notes 6(f) and 7)	8,362	-	11,289	1
1840	Deferred tax assets (note 6(k))	9,656	-	6,619	-
1920	Guarantee deposits paid (note 8)	578	-	-	-
	Total non-current assets	3,002,405	86	2,578,475	86
	Total assets	$ 3,494,070	100	3,011,006	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(h))	$ 150,000	5	100,000	3
2130	Current contract liabilities (notes 6(n) and 7)	13,115	-	4,834	-
2170	Accounts payable	2,536	-	3,108	-
2200	Other payables (note 6(o))	408,290	12	322,604	11
2220	Other payables—related parties (note 7)	21	-	197	-
2230	Current tax liabilities	28,642	1	37,037	1
2280	Current lease liabilities (note 6(i))	746	-	570	-
2399	Other current liabilities	15,232	-	6,555	-
	Total current liabilities	618,582	18	474,905	15
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(k))	63,399	2	62,708	2
2640	Net defined benefit liability, non-current (note 6(j))	12,789	-	15,173	1
2580	Non-current lease liabilities (note 6(i))	920	-	498	-
	Total non-current liabilities	77,108	2	78,379	3
	Total liabilities	695,690	20	553,284	18
	Equity (notes 6(j) and (l)):				
3100	Capital stock	671,523	19	669,211	22
3200	Capital surplus	791,658	23	770,877	26
3300	Retained earnings	1,449,437	41	1,198,187	40
3400	Other equity	(77,104)	(2)	(107,053)	(4)
3500	Treasury shares	(37,134)	(1)	(73,500)	(2)
	Total equity	2,798,380	80	2,457,722	82
	Total liabilities and equity	$ 3,494,070	100	3,011,006	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(n) and 7)**	$ 1,439,375	100	1,213,705	100
5000	**Cost of sales (notes 6(d), (f), (i), (j) and 12)**	(899,125)	(62)	(753,477)	(62)
	Gross profit	540,250	38	460,228	38
	Operating expenses (notes 6(d), (e), (f), (i), (j), (l), (n), (o), 7 and 12):				
6100	Selling expenses	(32,875)	(2)	(26,376)	(2)
6200	Administrative expenses	(322,353)	(22)	(263,697)	(22)
6300	Research and development expenses	(6,642)	(1)	-	-
6450	Reversal of expected credit loss provision	138	-	185	-
	Total operating expenses	(361,732)	(25)	(289,888)	(24)
	Net operating income	178,518	13	170,340	14
	Non-operating income and expenses (notes 6(c), (i), (p) and 7):				
7100	Interest income	55	-	100	-
7010	Other income	54	-	147	-
7020	Other gains and losses	39,090	2	37,741	3
7070	Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	384,872	27	294,952	24
7050	Finance costs	(1,366)	-	(312)	-
	Total non-operating income and expenses	422,705	29	332,628	27
	Profit before tax	601,223	42	502,968	41
7951	Income tax expenses (note 6(k))	(47,021)	(3)	(47,334)	(4)
	Net profit	554,202	39	455,634	37
8300	**Other comprehensive income (notes 6(j), (k) and (l)):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,821	-	1,463	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	1,821	-	1,463	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	3,330	-	(18,690)	(1)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	26,619	2	(7,151)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	29,949	2	(25,841)	(2)
8300	**Other comprehensive income (loss)**	31,770	2	(24,378)	(2)
	Total comprehensive income	**$ 585,972**	**41**	**431,256**	**35**
	Earnings per share (in dollars) (note 6(m))				
9750	**Basic earnings per share**	**$ 8.33**		**6.91**	
9850	**Diluted earnings per share**	**$ 8.19**		**6.83**	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Capital stock		Retained earnings				Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2021	$ 667,083	753,005	131,840	125,097	812,905	1,069,842	(81,212)	(73,500)	2,335,218
Net profit	-	-	-	-	455,634	455,634	-	-	455,634
Other comprehensive income	-	-	-	-	1,463	1,463	(25,841)	-	(24,378)
Total comprehensive income	-	-	-	-	457,097	457,097	(25,841)	-	431,256
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	44,829	-	(44,829)	-	-	-	-
Cash dividends	-	-	-	-	(328,752)	(328,752)	-	-	(328,752)
Reversal of special reserve	-	-	-	(43,885)	43,885	-	-	-	-
New share issued through employees' profit sharing bonus	2,128	17,872	-	-	-	-	-	-	20,000
Balance at December 31, 2021	669,211	770,877	176,669	81,212	940,306	1,198,187	(107,053)	(73,500)	2,457,722
Net profit	-	-	-	-	554,202	554,202	-	-	554,202
Other comprehensive income	-	-	-	-	1,821	1,821	29,949	-	31,770
Total comprehensive income	-	-	-	-	556,023	556,023	29,949	-	585,972
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	45,710	-	(45,710)	-	-	-	-
Special reserve	-	-	-	25,841	(25,841)	-	-	-	-
Cash dividends	-	-	-	-	(304,773)	(304,773)	-	-	(304,773)
Compensation cost of treasury shares transferred to employees	-	3,487	-	-	-	-	-	-	3,487
Treasury shares transferred to employees	-	(394)	-	-	-	-	-	36,366	35,972
New share issued through employees' profit sharing bonus	2,312	17,688	-	-	-	-	-	-	20,000
Balance at December 31, 2022	**$ 671,523**	**791,658**	**222,379**	**107,053**	**1,120,005**	**1,449,437**	**(77,104)**	**(37,134)**	**2,798,380**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 601,223	502,968
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	20,711	19,207
Amortization expense	7,676	5,228
Reversal of expected credit loss provision	(138)	(185)
Interest expense	1,366	312
Interest income	(55)	(100)
Compensation cost arising from share-based payments	2,162	-
Recognized share of subsidiaries, associates and joint ventures accounted for using equity method	(384,872)	(294,952)
Gain on disposal of property, plant and equipment	(14)	(115)
Other	-	1,786
Total adjustments to reconcile loss	(353,164)	(268,819)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in current contract assets	4,606	6,165
Increase in accounts receivable, net	(20,569)	(53,031)
Increase in accounts receivable－related parties	(20,227)	(10,391)
Decrease in other receivables	-	60
(Increase) decrease in other receivables－related parties	(3,708)	3,134
Increase in prepayments	(938)	(271)
Increase in other current assets	(13)	(567)
Total changes in operating assets	(40,849)	(54,901)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	8,281	(14)
(Decrease) increase in accounts payable	(572)	673
Increase in other payables	90,623	58,301
Decrease in other payables－related parties	(176)	(243)
Increase in other current liabilities	8,677	1,010
(Decrease) increase in net defined benefit liability	(563)	571
Total changes in operating liabilities	106,270	60,298
Net changes in operating assets and liabilities	65,421	5,397
Total changes in operating assets and liabilities	(287,743)	(263,422)
Cash generated from operations	313,480	239,546
Interest received	46	101
Interest paid	(1,303)	(300)
Income taxes paid	(57,762)	(26,806)
Net cash flows from operating activities	254,461	212,541
Cash flows generated from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(5,000)
Acquisition of property, plant and equipment	(11,652)	(24,479)
Proceeds from disposal of property, plant and equipment	214	218
Decrease in refundable deposits	701	3,583
Acquisition of intangible assets	(4,749)	(8,263)
Net cash used in investing activities	(15,486)	(33,941)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	1,480,000	303,241
Repayments of short-term loans	(1,430,000)	(203,241)
Repayments of the principal portion of lease liabilities	(757)	(573)
Cash dividends paid	(304,773)	(328,752)
Treasury shares transferred to employees	35,972	-
Net cash used in financing activities	(219,558)	(229,325)
Net increase (decrease) in cash and cash equivalents	19,417	(50,725)
Cash and cash equivalents at beginning of year	116,631	167,356
Cash and cash equivalents at end of year	**$ 136,048**	**116,631**

See accompanying notes to parent company only financial statements.

(1) Company history

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

(2) Approval date and procedures of the financial statements

The parent company only financial statements for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 6, 2023.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(Continued)

(b) Basis of preparation

(i) Basis of measurement

Except for the net defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets, and the effect of the asset ceiling explained in Note 4(o), the financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates of the reporting date. The income and expenses of foreign operations are translated into NTD at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivable is initially recognized when it is originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(Continued)

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost or fair value through other comprehensive income-equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, other financial assets and guarantee deposit), and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(Continued)

3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

2) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(g) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures： 5 to 50 years

2) Computers and other equipment： 1 to 6 years

3) Office equipment： 6 years

4) Lease equipment： 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(i) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment on whether it will exercise an option to purchase the underlying asset; or

4) there is a change in the assessment on lease term as to whether it will exercise an extension or terminated option; or

5) there are any lease modifications to the assets, scope and other terms of the lease.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(j) Intangible assets

Other intangible assets, excluding goodwill, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The Company's intangible assets are mainly computer software and are recognized in profit or loss on a straight-line basis over the estimated useful lives of 1~6 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(i) IT consulting and outsourcing services

The Company provides IT consulting and outsourcing services. Revenue is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

Some contracts include multiple deliverables, such as system development and maintenance service. In most cases, an integration service is not included, and the transaction price will be allocated based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.

(Continued)

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(n) Government grants

In accordance with IAS No. 20 “Accounting for Government Grants and Disclosure of Government Assistance”, the Company recognizes government grants when there is reasonable assurance that the Company will follow the conditions and the grant will be received. The Company recognizes government grants in profit or loss according to a reasonable and systematic method to match its related costs during the period.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

Grant date of the share-based payment award is the date the Company inform their employees about the exercise price and shares.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock option and employees' profit sharing bonus.

(Continued)

(s) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

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

In preparing these parent company only financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about critical judgments in applying the accounting policies that do not have significant effects on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic by valuation of accounts receivable.

The Company has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the expected credit loss rate to be used in calculating the impairments.

However, in the face of future economic trends, the Company may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses.

The allowance loss for accounts receivable please refer to Note 6(b).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash on hand	$	90	90
Demand and checking deposits		135,958	116,541
Cash and cash equivalents in the parent company only statement of cash flows	**$**	**136,048**	**116,631**

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

(b) Accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Accounts receivable	$ 288,137	267,568
Accounts receivable-related parties	58,342	38,115
Less: Loss allowance	-	-
	$ 346,479	**305,683**

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

The loss allowance provision was determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Lifetime expected credit loss allowance**
Not overdue	$ 319,869	0%	-
Overdue within 30 days	19,360	0%	-
Overdue 31~120 days	6,818	0%	-
Overdue 121~180 days	380	0%	-
Overdue 181~365 days	52	0%~17.79%	-
Overdue more than 365 days	-	100%	-
	$ 346,479		**-**

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Lifetime expected credit loss allowance**
Not overdue	$ 262,591	0%	-
Overdue within 30 days	36,960	0%	-
Overdue 31~120 days	6,132	0%	-
Overdue 121~180 days	-	0%	-
Overdue 181~365 days	-	12.932%~48.362%	-
Overdue more than 365 days	-	100%	-
	$ 305,683		**-**

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

	2022	2021
Balance on January 1 (December 31)	$ -	-

As of December 31, 2022 and 2021, accounts receivable were not discounted and pledged.

(c) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,481,916	2,050,770

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

(ii) The investments accounted for using equity method were not pledged.

(d) 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	Office equipment	Lease equipment	Total
Cost：						
Balance as of January 1, 2022	$ 190,856	319,812	52,333	8,779	-	571,780
Additions	-	-	11,480	172	-	11,652
Disposals	-	-	(2,714)	(136)	-	(2,850)
Balance as of December 31, 2022	**$ 190,856**	**319,812**	**61,099**	**8,815**	**-**	**580,582**
Balance as of January 1, 2021	$ 185,913	309,808	44,358	8,775	504	549,358
Additions	4,943	10,004	9,485	47	-	24,479
Disposals	-	-	(1,510)	(43)	(504)	(2,057)
Balance as of December 31, 2021	**$ 190,856**	**319,812**	**52,333**	**8,779**	**-**	**571,780**
Accumulated depreciation：						
Balance as of January 1, 2022	$ -	23,355	35,777	3,961	-	63,093
Depreciation	-	9,976	8,627	1,357	-	19,960
Disposals	-	-	(2,515)	(135)	-	(2,650)
Balance as of December 31, 2022	**$ -**	**33,331**	**41,889**	**5,183**	**-**	**80,403**
Balance as of January 1, 2021	$ -	13,458	29,837	2,584	504	46,383
Depreciation	-	9,897	7,372	1,395	-	18,664
Disposals	-	-	(1,432)	(18)	(504)	(1,954)
Balance as of December 31, 2021	**$ -**	**23,355**	**35,777**	**3,961**	**-**	**63,093**

		Land	Buildings and structures	Computers and other equipment	Office equipment	Lease equipment	Total
Carrying value：							
Balance as of December 31, 2022	$	190,856	286,481	19,210	3,632	-	500,179
Balance as of December 31, 2021	$	190,856	296,457	16,556	4,818	-	508,687
Balance as of January 1, 2021	$	185,913	296,350	14,521	6,191	-	502,975

As of December 31, 2022 and 2021, the property, plant and equipment were not pledged.

(e) Right-of-use assets

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

		Buildings and structures	Transportation equipment	Total
Cost:				
Balance as of January 1, 2022	$	918	1,323	2,241
Additions		-	1,355	1,355
Disposals		-	(1,323)	(1,323)
Balance as of December 31, 2022	$	**918**	**1,355**	**2,273**
Balance as of January 1, 2021	$	-	1,323	1,323
Additions		918	-	918
Balance as of December 31, 2021	$	**918**	**1,323**	**2,241**
Accumulated depreciation:				
Balance as of January 1, 2022	$	102	1,029	1,131
Depreciation		306	445	751
Disposals		-	(1,323)	(1,323)
Balance as of December 31, 2022	$	**408**	**151**	**559**
Balance as of January 1, 2021	$	-	588	588
Depreciation		102	441	543
Balance as of December 31, 2021	$	**102**	**1,029**	**1,131**
Carrying amount:				
Balance as of December 31, 2022	$	**510**	**1,204**	**1,714**
Balance as of December 31, 2021	$	**816**	**294**	**1,110**
Balance as of January 1, 2021	$	**-**	**735**	**735**

(Continued)

(f) Intangible assets

The movements in intangible assets were as follows:

		Software
Cost：		
Balance as of January 1, 2022	$	46,807
Additions		4,749
Disposals		(18,943)
Balance as of December 31, 2022	**$**	**32,613**
Balance as of January 1, 2021	$	38,544
Additions		8,263
Balance as of December 31, 2021	**$**	**46,807**
Accumulated amortization：		
Balance as of January 1, 2022	$	35,518
Amortization		7,676
Disposals		(18,943)
Balance as of December 31, 2022	**$**	**24,251**
Balance as of January 1, 2021	$	30,290
Amortization		5,228
Balance as of December 31, 2021	**$**	**35,518**
Carrying value：		
Balance as of December 31, 2022	**$**	**8,362**
Balance as of December 31, 2021	**$**	**11,289**
Balance as of January 1, 2021	**$**	**8,254**

For the years ended December 31, 2022 and 2021, the amortization of intangible assets is included in the cost of sales and operating expenses in the statement of comprehensive income.

(g) Other current assets

		December 31, 2022	December 31, 2021
Refundable deposits	$	916	2,195
Temporary payments		1,464	1,451
	$	**2,380**	**3,646**

For the years ended December 31, 2022 and 2021, the other current assets were not pledged.

(Continued)

(h) Short-term borrowings

The short-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans (in NTD)	$ 150,000	100,000
Unsecured bank credit lines	$ 850,000	900,000
Range of interest rates	1.725%	0.51%

(i) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 746	570
Non-current	$ 920	498

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expenses on lease liabilities	$ 13	30
Expenses relating to short-term leases	$ 649	820
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$ 406	380

The amount recognized in the statement of cash flows for the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 1,825	1,803

(i) Leases of buildings and structures

The Company leases buildings and structures for its office space, and the leases of office space typically run for a period of 3 years.

(ii) Other leases

The Company leases some office space and equipment. These leases are short-term or leases of low-value items. The Company has selected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 41,788	42,487
Fair value of plan assets	(28,999)	(27,314)
Net defined benefit liabilities	**$ 12,789**	**15,173**

The Company makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary prior to six months of retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to $28,999 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements at present value of the defined benefit obligations

For the years ended December 31, 2022 and 2021, the movements at present value of the defined benefit obligations for the Company were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 42,487	43,650
Current service costs and interest cost	1,466	1,183
Remeasurements of the net defined benefit liability:		
—Actuarial loss (gain) arising from experience adjustments	376	(1,129)
Benefits paid from plan assets	(1,129)	(1,217)
Benefits paid directly by the Company	(1,412)	-
Defined benefit obligations at December 31	**$ 41,788**	**42,487**

(Continued)

3) Movements at fair value of the defined benefit plan assets

For the years ended December 31, 2022 and 2021, the movements at fair value of the defined benefit plan assets for the Company were as follows:

		2022	2021
Fair value of plan assets at January 1	$	27,314	27,585
Expected return on plan assets		159	162
Remeasurements of the net defined benefit liability:			
－Return on plan assets		2,197	334
Amounts contributed to plan		458	450
Benefits paid from plan assets		(1,129)	(1,217)
Fair value of plan assets at December 31	**$**	**28,999**	**27,314**

4) Expenses recognized in profit or loss

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

		2022	2021
Current service costs	$	1,213	922
Interest cost		253	261
Expected return on plan assets		(159)	(162)
	$	**1,307**	**1,021**

		2022	2021
Cost of sales	$	670	227
Selling expenses		116	40
Administration expenses		521	754
	$	**1,307**	**1,021**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

For the years ended December 31, 2022 and 2021, the remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

		2022	2021
Accumulated amount at January 1	$	5,696	7,159
Recognized during the period		(1,821)	(1,463)
Accumulated amount at December 31	**$**	**3,875**	**5,696**

(Continued)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary increase rate	4.000 %	3.000 %

Expected contribution to the defined benefit pension plan of the Company for the one-year period after the reporting date is $463. The weighted average lifetime of the defined benefit plans is 15.64 years.

7) Sensitivity analysis

As of December 31, 2022, and 2021, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2022		
Discount rate (0.25%)	$ (1,103)	1,148
Future salary increase rate (0.25%)	1,099	(1,066)
December 31, 2021		
Discount rate (0.25%)	(1,108)	1,148
Future salary increase rate (0.25%)	1,103	(1,069)

There is no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside $46,539 and $38,220 of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2022 and 2021, respectively.

(Continued)

(k) Income tax

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current tax expense	$	49,367	47,289
Deferred tax expense		(2,346)	45
Income tax expense	**$**	**47,021**	**47,334**

There is no income tax recognized directly in equity or other comprehensive income for the years ended December 31, 2022 and 2021.

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Profit before tax	$	601,223	502,968
Estimated income tax calculated using the Company's domestic tax rate		120,245	100,594
Prior-period tax adjustments		(362)	(418)
Change in unrecognized temporary differences		(76,088)	(58,272)
Additional tax on undistributed earnings		3,425	5,264
Others		(199)	166
	$	**47,021**	**47,334**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

		December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	**$**	**1,770,092**	**1,389,653**
Unrecognized deferred tax liabilities	**$**	**354,019**	**277,931**

(Continued)

2) Unrecognized deferred tax assets

There are no significant unrecognized deferred tax assets for the years ended December 31, 2022 and 2021.

3) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were as follows:

Deferred Tax Assets:

	Defined benefit plans	Accrued expense	Provisions	Others	Total
Balance as of January 1, 2022	$ 1,896	3,259	-	1,464	6,619
Recognized in profit or loss	170	580	1,386	901	3,037
Balance as of December 31, 2022	**$ 2,066**	**3,839**	**1,386**	**2,365**	**9,656**
Balance as of January 1, 2021	$ 1,782	2,939	-	1,211	5,932
Recognized in profit or loss	114	320	-	253	687
Balance as of December 31, 2021	**$ 1,896**	**3,259**	**-**	**1,464**	**6,619**

Deferred Tax Liabilities:

	Recognized share of gain of subsidiaries accounted for equity method	Others	Total
Balance as of January 1, 2022	$ 62,687	21	62,708
Recognized in profit or loss	701	(10)	691
Balance as of December 31, 2022	**$ 63,388**	**11**	**63,399**
Balance as of January 1, 2021	$ 61,965	11	61,976
Recognized in profit or loss	722	10	732
Balance as of December 31, 2021	**$ 62,687**	**21**	**62,708**

(iii) Assessment of tax

The Company's corporate income tax returns for all years through 2020 were assessed by the local tax authorities.

(l) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized common stock were 120,000 thousand shares with a par value of NT$10 dollars per share, amounting to $1,200,000, of which 67,152 thousand shares and 66,921 thousand shares, respectively, were issued. And the actual share capital amount were $671,523 and $669,211. All proceeds from shares issued have been collected.

Reconciliations of shares issued for the years ended December 31, 2022 and 2021 were as follows:

	Common stock (in thousands)	
	2022	**2021**
Balance as of January 1	66,921	66,708
New share issued through employees' profit sharing bonus	231	213
Balance as of December 31	**67,152**	**66,921**

(i) Common stock

On March 8, 2022, the Company's Board of Directors meeting approved a resolution to distribute the employees' profit sharing bonus amounting to $20,000, consisting of 231 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The base date of capital increase was resolved to be August 9, 2022, by the Board of Directors meeting. The relevant registration procedures had been completed.

On March 10, 2021, the Company's Board of Directors meeting approved a resolution to distribute the employees' profit sharing bonus amounting to $20,000, consisting of 213 thousand shares. The application of the capital increase was approved by the Financial Supervisory Commission. The base date of capital increase was resolved to be May 24, 2021, by the Board of Directors meeting. The relevant registration procedures had been completed.

(ii) Capital surplus

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

	December 31, 2022	December 31, 2021
A premium issuance of common shares for cash	$ 765,335	747,647
Transaction of treasury shares	26,297	23,204
Earnings from donated assets received	26	26
	$ 791,658	**770,877**

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

On March 8, 2022, and March 10, 2021, the Company's Board of Directors meeting approved a resolution to distribute employees' profit sharing bonus consisting of 231 thousand shares and 213 thousand shares. The amount of stock premium was $17,688 and $17,872, respectively.

(Continued)

(iii) Retained earning

The Company's Articles of Incorporation stipulate that the 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 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.

1) Legal reserve

When a company incurs no loss, the meeting of shareholders may decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2021 and 2020 had been approved by the shareholders' meeting held on May 26, 2022 and July 23, 2021, respectively. The appropriations and dividends were as follows:

	2021	2020
Common stock dividends		
Cash	$ 304,773	328,752

4) Treasury shares

a) The Company repurchased 958 thousand shares of its own common stock as treasury shares, at the amount of $73,500, in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. The repurchased period was from March 30 to May 29, 2020. Out of the 958 thousand shares mentioned above, 474 thousand shares and 0 thousand shares were transferred to its employees, resulting in the Company to hold the remaining 484 thousand shares and 958 thousand shares as of December 31, 2022 and 2021, respectively. In addition, the employee remuneration expense of $3,487, including that of its subsidiaries amounting to $1,325, had been recognized in 2022.

b) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(iv) Other equity interest, net of tax

		Exchange differences on translation of foreign financial statements	
		The Company	**Subsidiaries**
Balance as of January 1, 2022	$	(22,787)	(84,266)
Foreign currency translation differences		3,330	26,619
Balance as of December 31, 2022	**$**	**(19,457)**	**(57,647)**
Balance as of January 1, 2021	$	(4,097)	(77,115)
Foreign currency translation differences		(18,690)	(7,151)
Balance as of December 31, 2021	**$**	**(22,787)**	**(84,266)**

(m) Earnings per share ("EPS")

(i) Basic earnings per share

		2022	**2021**
Net profit belonging to common shareholders	**$**	**554,202**	**455,634**
Weighted average common stock outstanding (in thousands shares)		**66,539**	**65,923**
Basic earnings per share (in dollars)	**$**	**8.33**	**6.91**

(ii) Diluted earnings per share

	2022	2021
Net profit belonging to common shareholders	$ 554,202	455,634
Weighted average common stock outstanding (in thousands shares)	66,539	65,923
Effect of potentially dilutive common stock (in thousands shares)		
Employees' profit sharing bonus	915	551
Employees' profit sharing bonus of subsidiaries	213	210
Weighted average number of common stock (diluted) (in thousands shares)	67,667	66,684
Diluted earnings per share (in dollars)	$ 8.19	6.83

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Primary geographical markets:		
Taiwan	$ 1,321,671	1,001,911
Japan	13,719	19,593
Others	103,985	192,201
	$ 1,439,375	1,213,705
Major products:		
IT service revenue	$ 1,439,375	1,213,705

(ii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties)	$ 346,479	305,683	242,261
Contract assets	$ 538	5,144	11,309
Less: loss allowance	(16)	(154)	(339)
	$ 522	4,990	10,970

(Continued)

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

	2022	2021
Balance as of January 1	$ 154	339
Impairment losses reversed	(138)	(185)
Balance as of December 31	**$ 16**	**154**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	**$ 13,115**	**4,834**	**4,848**

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

The Company 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 years ended December 31, 2022 and 2021 that was included in the contract liabilities balance at the beginning of the year was $4,169 and $4,108, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes during the period.

(o) Remunerations to employees and directors

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of remunerations to employees and directors) it shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) The Company shall allocate not less than 10% of annual profit as employee's 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 not more than 2% of annual profit as the remuneration to directors in cash.

The Company's estimated of employees' and directors' remuneration (including transferred to subsidiary employees) were as follows:

	2022	2021
Employee's remuneration	$ 83,250	57,120
Directors' remuneration	9,250	11,100
	$ 92,500	**68,220**

(Continued)

The amounts are calculated by the net profit before tax excluding employees' and directors' remuneration, of each year 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 2022 and 2021. 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 amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021.

(p) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income	**$ 55**	**100**

(ii) Other income

	2022	2021
Rental income	$ 50	-
Government grants	4	147
	$ 54	**147**

(iii) Other gains and losses

	2022	2021
Foreign exchange gain (losses), net	$ 3,136	(321)
Management services revenue	42,363	37,580
Gain on disposals of property, plant and equipment, net	14	115
Compensation losses	(6,929)	-
Others	506	367
	$ 39,090	**37,741**

(iv) Finance costs

	2022	2021
Interest expense	**$ (1,366)**	**(312)**

(Continued)

(q) Financial instruments

(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) Concentration of credit risk

When financial commodity trading is relatively concentrated on a few trading partners, or not but the trading objects are mostly engaged in similar commercial activities and have similar economic characteristics, so when the ability to perform the contract is similarly affected by economic or other conditions, a significant concentration of credit risk occurs.

As of December 31, 2022 and 2021, 50% and 65%, respectively, of accounts receivable was concentrated on 4 specific customers. Thus, credit risk is significantly centralized.

The Company regularly assesses the possibility of recovering accounts receivable and provides appropriate allowance for impairment losses within the management's expectations. The Company periodically evaluates its customers' financial position and the possibility of recovery of receivables. Therefore, the Company assesses that credit risk can be reduced.

3) Receivables and contract assets securities

For credit risk exposure of accounts receivables, please refer to Note 6(b). For the detail and impairment of contract assets, please refer to Note 6(n).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
As of December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 150,000	150,113	150,113	-	-
Accounts payable	2,536	2,536	2,536	-	-
Other payables (including related parties)	408,311	408,311	408,311	-	-
Lease liabilities (current and non-current)	1,666	1,687	760	659	268
	$ 562,513	**562,647**	**561,720**	**659**	**268**

(Continued)

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
As of December 31, 2021						
Non-derivative financial liabilities						
Short-term loans	$	100,000	100,115	100,115	-	-
Accounts payable		3,108	3,108	3,108	-	-
Other payables (including related parties)		322,801	322,801	322,801	-	-
Lease liabilities (current and non-current)		1,068	1,079	579	300	200
	$	**426,977**	**427,103**	**426,603**	**300**	**200**

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

(iii) Currency risk

1) Exposure to currency risk

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

		December 31, 2022			December 31, 2021		
		Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets							
Monetary items							
USD	$	450	30.708	13,805	142	27.690	3,922
Non-monetary items							
USD		73,750	30.708	2,264,702	67,688	27.690	1,874,286
JPY		633,770	0.2307	146,211	523,058	0.2410	126,057
HKD		16,528	3.9382	65,091	12,799	3.5507	45,444

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties) that are denominated in foreign currency. A weakening or strengthening 5% of appreciation (depreciation) of the NTD against the foreign currency for the years ended December 31, 2022 and 2021 would have increased (decreased) the net profit after tax by $690 and $173, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

The Company's exchange gain or loss, including realized and unrealized portions, of monetary items convert to amount of functional currency, information about exchange rate is as below:

		2022		2021	
		Exchange gain (loss)	**Average exchange rate**	**Exchange gain (loss)**	**Average exchange rate**
NTD	$	3,136	-	(321)	-

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding 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 Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Company's net income would have decreased / increased by $1,500 for the year ended December 31, 2022, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

The Company has no variable interest rate borrowing as of December 31, 2021.

(v) Fair value information - Categories and fair values of financial instruments

The carrying amount of the financial assets and liabilities is reasonably close to the fair value, so the disclosure of the fair value information is not required.

(r) Management of financial risk

(i) Overview

The Company is exposed to the extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about the Company's objectives, policies and processes for measuring and managing the above mentioned risks was listed below. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

Risk management policies are approved by the Board of Directors and is executed by the Company's financial department. For financial risks arising from operation management, the financial department is accountable for recognizing, evaluating and planning the hedge methods through cooperating with other operating units. The Board of Directors develop and document risk policies which cover specific risk exposure such as currency risk and derivative financial instrument risk to ensure the hedge tools are performed properly and effectively.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet it contractual obligations that arises principally from the Company's accounts receivable.

1) Accounts receivable

The Company's credit risk exposures are influenced mainly by each customer. According to the Company's credit policy, the credit rating of individual customers must be analyzed before the payment terms and credit limit are given. The Company continues to evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Company set up the allowance for doubtful accounts to reflect the expected credit loss of accounts receivable.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions and companies, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

The Company only provides endorsement or guarantee for the companies defined in its policy - “Procedures Governing Endorsements and Guarantees”. The company did not provide guarantees to non-consolidated subsidiaries as of December 31, 2022 and 2021.

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

(Continued)

In addition, As of December 31, 2022 and 2021, the Company has unused credit facilities for bank loans of $850,000 and $900,000, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities. The currencies used in these transactions are denominated in USD.

The Company collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information and determine the exchange rate appropriately for securing the currency risk.

2) Interest risk

To reduce the exposure to interest rate risk, the choice of a variable interest rate or a fixed interest rate was based on the Company's evaluation of the global economic environment and the trend in market interest rates. The Company maintains an appropriate proportion of the fixed and variable interest rate instruments to mitigate the interest rate risk.

3) Other market price risk

The Company monitors the risk arising from its security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Company monitors the combination of investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(s) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, issue new shares, or sell assets to settle any liabilities. The Company uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital.

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 695,690	553,284
Less: cash and cash equivalents	(136,048)	(116,631)
Net debt	**$ 559,642**	**436,653**
Total equity	$ 2,798,380	2,457,722
Adjustment	-	-
Total capital	**$ 2,798,380**	**2,457,722**
Debt-to-equity ratio	**20.00 %**	**17.77 %**

As of December 31, 2022, there were no changes in the Company's approach to capital management.

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

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2022 and 2021 were as follows:

		Cash flows		Non-cash changes	
	January 1, 2022	**Proceeds from loans**	**Repayments of loans and lease liabilities**	**New lease**	**December 31, 2022**
Short-term loans	$ 100,000	1,480,000	(1,430,000)	-	150,000
Lease liabilities (current and non-current)	1,068	-	(757)	1,355	1,666
	$ 101,068	**1,480,000**	**(1,430,757)**	**1,355**	**151,666**

		Cash flows		Non-cash changes	
	January 1, 2021	**Proceeds from loans**	**Repayments of loans and lease liabilities**	**New lease**	**December 31, 2021**
Short-term loans	$ -	303,241	(203,241)	-	100,000
Lease liabilities (current and non-current)	723	-	(573)	918	1,068
	$ 723	**303,241**	**(203,814)**	**918**	**101,068**

(Continued)

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have transactions with the Company during the periods covered in the financial statements and the Company's subsidiaries.

Name of related party	Relationship with the Company
Wistron Information Technology and Services Limited (WIHK)	The Subsidiary
Wistron ITS (Hong Kong) Limited (WIHH)	The Subsidiary
Wistron Information Technology and Services Inc. (WIBI)	The Subsidiary
Wistron Information Technology and Services (Japan) Inc. (WIJP)	The Subsidiary
WITS AMERICA, CORP. (WIUS)	The Subsidiary
WITS Taiwan, Inc. (WISS)(Note 3)	The Subsidiary
Wistron Information Technology and Services (Beijing) Inc. (WIBJ)	The Subsidiary
Shanghai Booster Technologies Company Limited. (QT) (Note 4)	The Subsidiary
Beijing Enovation Technology co., Ltd. (WIYC)	The Subsidiary
Wistron ITS (Wuhan) CO. (WIWZ)	The Subsidiary
Hubei Peiwen Construction Co., Ltd. (Note 1)	The Subsidiary
Wistron ITS (Hangzhou) Ltd. (WIHZ) (Note 2)	The Subsidiary
Wistron Corporation (Wistron)	The entity with significant influence over the Company
Wiwynn Corporation (Wiwynn)	Other related party
WiAdvance Technology Corporation (AGI)	Other related party
Wistron NeWeb Corporation (WNC)	Other related party
Wiedu Corporation (WETW)	Other related party
Changing Information Technology Inc. (CGI)	Other related party
WiBASE Industrial Solutions Inc. (WIS)	Other related party

(Note 1) The registration of investment in Hubei Peiwen Construction Co., Ltd. was cancelled on March 2, 2021, and no capital was injected.

(Note 2) The capital has not been injected at December 31, 2021 until February 2022.

(Note 3) The company was set up in the 4th quarter of 2021.

(Note 4) The company cancelled the registration in the 4th quarter of 2021, and completed the liquidation process in January 2022.

(b) Significant transactions with related parties

(i) Provide service to related parties

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	Revenue		Accounts receivable -related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Subsidiary-WIHK	$ 69,125	190,510	2,617	-
Entity with significant influence over the Company- Wistron	297,722	171,475	52,690	36,393
Other related party	12,466	5,966	3,035	1,722
	$ 379,313	**367,951**	**58,342**	**38,115**

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) Management services

The Company provides business consulting for subsidiaries. The management services revenue and its outstanding balances were as follows:

	Other income		Other receivable-related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Subsidiary—WIHK	$ 42,313	37,580	3,655	-
Subsidiary—WISS	50	-	16	-
	$ 42,363	**37,580**	**3,671**	**-**

(iii) Contract liabilities

As of December 31, 2022 and 2021, the Company received $0 and $241 advance payment from the entity with significant influence over the Company which were recognized as current contract liabilities.

(iv) Property transactions

1) In 2022, the Company sold computers and other equipment to its subsidiary- WISS, amounting to $196, without gain or loss on disposal of asset, resulting in having no other payables from the above transaction. In addition, there was no such transaction in 2021.

2) In 2022 and 2021, the Company purchased intangible assets from other related parties amounting to $44 (with tax) and $548, respectively, resulting in having no other payables from the above transaction for both years.

(Continued)

(v) Other transactions

1) In 2022 and 2021, the entity with significant influence over the Company provided management services to the Company at the amounts of $0 amd $120, resulting in other payables from the above transactions to be $0 and $126, restpectively at the end of December 31.

2) In 2022 and 2021, other related parties provided management, system and miscellaneous services to the Company amounting to $262 and $56, resulting in other payables from the above transaction amounted to be $21 and $70, respectively at the end of December 31.

3) The Company paid certain expenses on behalf of WISS, one of the subsidiaries, resulting in the outstanding receivables with an amount of $6 and $17 as of December 31, 2022 and 2021, respectively. In addition, the Company paid certain expense on behalf of WIHK, one of the subsidiaries, resulting in the outstanding receivables with an amount of $32 as of December 31, 2022.

4) WIUS, one of the subsidiaries, paid certain expenses on behalf of the Company, resulting in the outstanding payables with an amount of $0 and $1 as of December 31, 2022 and 2021.

5) The Company leased an office to one of its subsidiaries, WISS, at the rental amount of $50, and the balance of other receivable-related party from the above transaction amounting to $16 as of December 31, 2022. In addition, there was no such transaction in 2021.

(vi) Guarantee

As of December 31, 2022 and 2021, the Company had provided guarantees for loans taken out by subsidiaries, wherein amounting to $1,110,196 and $919,301, respectively.

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

		December 31, 2022	December 31, 2021
Receivables－related parties:			
Accounts receivable	$	58,342	38,115
Other receivable		3,725	17
	$	**62,067**	**38,132**
Payables－related parties:			
Other payables	**$**	**21**	**197**

(Continued)

(c) Key management personnel compensation

Key management personnel compensation comprised

		2022	2021
Short-term employee benefits	$	21,633	18,974
Post-employment benefits		271	312
	$	**21,904**	**19,286**

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object		December 31, 2022	December 31, 2021
Refundable deposits－other non-current assets	Performance guarantee and warranty	$	**578**	**-**

(9) Significant commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events

(a) The appropriation of earnings for 2022 that was approved at the board of directors meeting on March 6, 2023 was as follows:

		2022
Common stock dividends		
Cash	$	**333,342**

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022 Cost of sales	2022 Operating expenses	2022 Total	2021 Cost of sales	2021 Operating expenses	2021 Total
Employee benefits						
Salaries	712,088	257,348	969,436	589,397	195,704	785,101
Labor and health insurance	76,968	13,952	90,920	63,165	11,946	75,111
Pension	41,000	6,846	47,846	33,278	5,963	39,241
Directors' profit sharing bonus	-	16,251	16,251	-	16,098	16,098
Others	27,485	6,770	34,255	23,506	5,486	28,992
Depreciation	2,621	18,090	20,711	2,745	16,462	19,207
Amortization	239	7,437	7,676	721	4,507	5,228

In 2022 and 2021, the additional information for employee numbers and employee benefits were as follows:

	2022	2021
Employee numbers	1,133	965
Directors' numbers without serving concurrently as employee	8	7
Average employee benefits	$ 1,016	969
Average employee salaries	$ 862	820
Average adjustment rate of employee salaries	5.12%	0.74%
Supervisor remuneration	$ 0	0

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

The remunerations to directors and supervisors are in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" , which are reviewed by the Remuneration Committee.

The compensation of the Company's supervisors includes fixed items such as salary and benefits, as well as variable items such as bonuses, profit sharing bonus (cash/stock) and stock options and is mainly based on variable items. The fixed items are based on the principle of maintaining the Company's competitiveness within the industry; the variable items take the Company's performance and individual's appraisal into consideration.

The employee remuneration includes salary, subsidy and bonus. The salary is determined based on academic experience, professional skills, the value of the position held and the salary level of the industry. The bonus is decided based on the Company's annual operating status and departmental and personal performance. Remuneration of employees shall be in accordance with Article 21 of the Articles of Association of the Company.

(13) Other disclosures

(a) Information on significant transactions

The followings is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Please refer to Table 1.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

(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 amount exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees (excluding information on investees in mainland China): Please refer to Table 3.

(c) Information on investment in Mainland China: Please refer to Table 4.

(d) Information on major shareholders: Please refer to Table 5.

(14) Segment information

Please refer to the consolidated financial statement for the year ended December 31, 2022.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Guarantees and endorsements for other parties

December 31, 2022

Table 1

No.	Endorsement/ guarantee provider	Counter - party of guarantee and endorsement: Name	Counter - party of guarantee and endorsement: Relationship with the Company (Note 2)	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
0	The Company	WIUS	2	1,399,190	64,420	61,416	-	-	2.19 %	2,798,380	Y	N	N	-
0	The Company	WIHK	2	1,399,190	128,840	122,832	8,075	-	4.39 %	2,798,380	Y	N	N	-
0	The Company	WIBJ	2	1,399,190	90,240	88,400	-	-	3.16 %	2,798,380	Y	N	Y	-
0	The Company	WISS	2	1,399,190	145,000	145,000	12,472	-	5.18 %	2,798,380	Y	N	N	-
0	The Company	WIWZ	2	1,399,190	705,980	692,548	-	-	24.75 %	2,798,380	Y	N	Y	-

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

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

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

December 31, 2022

Table 2

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchases/Sales	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Notes
WIWZ	WIHK	The same parent company	Sales	(299,561)	(5.29)%	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	Not significantly different from the transactions of the third-parties	26,520	1.52%	-
WIWZ	WIBJ	Parent - subsidiary company	Sales	(562,378)	(9.92)%	〃	〃	〃	17,680	1.01%	-
WIHK	WIUS	The same parent company	Sales	(139,330)	(30.42)%	〃	〃	〃	47,247	55.40%	-
WIHK	WIWZ	The same parent company	Purchases	299,561	78.73%	〃	〃	〃	(26,520)	(86.17)%	-
WIBJ	WIWZ	Parent - subsidiary company	Purchases	562,378	99.84%	〃	〃	〃	(17,680)	(98.33)%	-
WIUS	WIHK	The same parent company	Purchases	139,330	77.24%	〃	〃	〃	(47,247)	(94.88)%	-

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Information on investees (excluding information on investees in mainland China)

December 31, 2022

Table 3

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 %	2,233,144	341,119	341,119	-
The Company	WIJP	Japan	Research, develop, design of software, and information consulting service	29,564	29,564	1,960	100.00 %	146,211	25,109	25,109	-
The Company	WIHK	Hong Kong	Research, develop, design of software, and information consulting service	44	44	10,000	100.00 %	65,091	14,211	14,211	-
The Company	WIUS	U.S.A	Research, develop, design of software, and information consulting service	7,586	7,586	250,000	100.00 %	31,558	3,504	3,504	-
The Company	WISS	Taiwan	Research, develop, design of software, and information consulting service	5,000	5,000	500,000	100.00 %	5,912	929	929	-
WIBI	WIHH	Hong Kong	Professional investment enterprise	3,012	3,012	62,773,559	100.00 %	2,232,934	338,032	338,032	-

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Information on investment in Mainland China

December 31, 2022

Table 4

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, 2022	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Direct/ indirect shareholding (%) by the Company	Investment income (losses) (Note 2)	Carrying amount as of December 31, 2022 (Note 2)	Accumulated inward remittance of earnings as of December 31, 2022	Notes
QT	Research, develop, design of software, and information consulting service	4,445	(Note 1) 1.	2,304	-	-	2,304	- (Note 3)	-	- (Note 3)	-	-	(Note 8)
WIBJ	Research, develop, design of software, and information consulting service	1,723,429	(Note 1) 1.	169,420	-	-	169,420	338,096 (Note 3)	100.00 %	338,096 (Note 3)	2,230,139	-	(Note 9)
WIWZ	Research, develop, design of software, and information consulting service	667,314	(Note 1) 2.	-	-	-	-	337,014 (Note 3)	100.00 %	337,014 (Note 3)	1,021,975	-	-
WIYC	Research, develop, design of software, and information consulting service	24,449	(Note 1) 2.	-	-	-	-	523 (Note 3)	100.00 %	523 (Note 3)	18,486	-	-
WIHZ	Research, develop, design of software, and information consulting service	218	(Note 1) 2.	-	-	-	-	2 (Note 3)	100.00 %	2 (Note 3)	223	-	-

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4) (Note 6) (Note 7)	Upper Limit on Investment (Note 5)
218,990 (USD 7,131,356)	1,782,010 (USD 58,461,356)	1,679,028

(Continued)

(Note 1) Ways to invest in Mainland China :

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

(Note 2) The amount of the net income (losses) and the investee company carrying value as of December 31, 2022 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 audited by the Company auditor.

(Note 4) Translated using the ending rate on December 31, 2022, which was USD : NTD = 1 : 30.708 .

(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 is 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.

(Note 7) The Company increased investment in WIBJ, one of the subsidiaries in Mainland China, by USD 11,000,000 through WIBI, a subsidiary established in a third region, wherein the investment had been authorized by Investment Commission, MOEA. However, the Company restructured the investment through WIHH acquiring 100% shareholdings in WIBJ via stock exchange from WIBI in the 3rd quarter of 2021.

(Note 8) QT, in which the Company indirectly invested, had completed the cancellation of its business registration and liquidation in the 4th quarter of 2021. The said investment capital amounting to USD 2,778.40, which entitled the Company to a full ownership of the entity, had been remitted to WIBI in January 2022.

(Note 9) As of December 31, 2022 and 2021, WIBJ increased its capital of CNY 88,113 thousand and CNY 188,000 thousand from retained earnings based on the resolutions approved during its board meetings held on January 12, 2022 and October 4, 2022, resulting in its share capital to increased from CNY 111,887 thousand to CNY 200,000 thousand and CNY 200,000 thousand to CNY 388,000 thousand, respectively.

3. Significant transactions

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

Information on major shareholders

December 31, 2022

Table 6

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