Stock Code:4953

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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The independent auditors' 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' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

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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.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

Mirrors International, Inc. was incorporated on June 1, 1992 as a company limited by shares under the laws of the Republic of China (R.O.C); and in July 2004, it changed its name to Wistron Information Technology and Services Corporation (the "Company"). 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)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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.

(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)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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.

(Continued)

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.

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.

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.

(Continued)

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)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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.

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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		-

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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

(Continued)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

		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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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.

(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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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**

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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**

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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)**

(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**

		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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only 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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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**

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(b) Significant transactions with related parties

(i) Provide service to related parties

The amounts of significant sales transactions and outstanding balances between the 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.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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)

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

(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

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION
Notes to the Parent Company Only Financial Statements

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		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
					Outflow	Inflow							
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 %

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Cash and Cash Equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 90
Demand deposits		135,198
Foreign deposits (Note 1)	JPY3.00；USD24,745.96；CNY26.46；EUR0.04	760
		$ 136,048

Note 1: The ending rates of foreign currency deposits on December 31, 2022 are as follows:

USD ：NTD =1：30.708

JPY ：NTD =1：0.2307

CNY ：NTD =1：4.4200

EUR ：NTD =1：32.6641

Statement of Accounts Receivable

Client's Name	Amount
Accounts receivable－non related parties	
101351	$ 88,224
100873	23,294
100104	16,056
100943	15,979
Others (less than 5%)	144,584
Subtotal	288,137
Less: loss allowance	-
	$ 288,137

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Other Receivables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Interest receivables	$ 9
Other receivables	1
	$ 10

Statement of Prepayments

Item	Amount
Prepaid software and authorization fee	$ 1,931
Prepaid insurance fee	154
Other prepayments	416
	$ 2,501

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Movement of Investments Accounted for Using the Equity Method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Gains	Cumulative	Ending Balance			Market Value or Net Assets Value			
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	(losses) on investment	translation adjustment	Shares	Percentage of ownership	Amount	Unit price (In dollars)	Total amounts	Collateral	Notes
Using the Equity Method:															
Wistron Information Technology and Services Inc. (WIBI)	180,000,000	$ 1,849,081	-	16,325 (Note)	-	-	341,119	26,619	180,000,000	100.00	2,233,144	12.41	2,233,144	None	-
Wistron Information Technology and Services (Japan) Inc. (WIJP)	1,960	126,057	-	-	-	-	25,109	(4,955)	1,960	100.00	146,211	74,597.28	146,211	None	-
Wistron Information Technology and Services Limited (WIHK)	10,000	45,444	-	-	-	-	14,211	5,436	10,000	100.00	65,091	6,509.10	65,091	None	-
WITS AMERICA CORP. (WIUS)	250,000	25,205	-	-	-	-	3,504	2,849	250,000	100.00	31,558	126.23	31,558	None	-
WITS Taiwan, Inc. (WISS)	500,000	4,983	-	-	-	-	929	-	500,000	100.00	5,912	11.82	5,912	None	-
Total		$ 2,050,770		16,325		-	384,872	29,949			2,481,916		2,481,916		

Note: The amount included the remuneration and the treasury shares transferred to employees of the Company's subsidiaries, amounting to $15,000 and $1,325, respectively.

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Refundable Deposits

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Performance bond	$ 578

Statement of Short-term Borrowings

Type	Description	Ending balance	Contract period	Range of interest rate	Credit lines (Note)	Collateral	Notes
Credit loan	Financial institution	$ 150,000	2022.12.29~2023.1.16	1.725%	200,000	None	-

Note: The additional unused credit lines of the Company was $800,000.

Statement of Accounts Payable

Vendor's Name	Amount
1001328	$ 128
Others (less than 5%)	2,408
	$ 2,536

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Other Payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Accrued bonus	$ 150,502
Accrued employees' and directors' remuneration	107,097
Accrued payroll	86,575
Others (less than 5%)	64,116
	$ 408,290

Statement of Lease Liabilities

Item	Description	Lease term	Discount rate	Ending balance	Notes
Buildings and structures	Mainly for office	2021.09.01~2024.08.31	0.48%	$ 498	
Transportation equipment	Company car	2022.08.30~2025.08.29	1.175%	1,168	
				1,666	
Less: Current portion				(746)	
				$ 920	

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Other Current Liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Provision	$ 10,500
Other advances receivable	3,640
Withholding tax	1,091
Others (less than 5%)	1
	$ 15,232

Statement of Cost of Sales

For the year ended December 31, 2022

Item	Amount
Direct labor	$ 857,541
Manufacturing overhead	41,584
Cost of sales	**$ 899,125**

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Statement of Selling Expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Notes
Salary and wages expenses		$ 24,679	
Insurance expenses		2,823	
Others (less than 5%)		5,373	
		$ 32,875	

Statement of Administrative Expenses

Item	Description	Amount	Notes
Salary and wages expenses		$ 165,792	
Employee's profit sharing bonus		68,250	
Depreciation expenses		17,651	
Others (less than 5%)		70,660	
		$ 322,353	

WISTRON INFORMATION TECHNOLOGY AND SERVICES CORPORATION

Research and development expense

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Notes
Salary and wages expenses		$ 5,628	
Insurance expenses		532	
Others (less than 5%)		482	
		$ 6,642	

Statement of other current assets was disclosed in Note 6(g).

Statement of accounts receivable－related parties, other receivables－related parties and other payables－related parties were disclosed in Note 7.

Statement of contract assets and liabilities were disclosed in Note 6(n).

Statement of movement of property, plant and equipment was disclosed in Note 6(d).

Statement of movement of accumulated depreciation of property, plant and equipment was disclosed in Note 6(d).

Statement of movement of right-of use assets was disclosed in Note 6(e).

Statement of movement of accumulated depreciation of right-of use assets was disclosed in Note 6(e).

Statement of movement of intangible assets was disclosed in Note 6(f).

Statement of net defined benefit liability－non-current was disclosed in Note 6(j).

Statement of deferred tax assets and liabilities were disclosed in Note 6(k).

Statement of revenue was disclosed in Note 6(n).

Statement of intereat income, other income, other gains and losses and finance cost were disclosed in Note 6(p).